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FBIS-LAT-96-026
Wednesday
7 February 1996

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January 1996

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Daily Report
Latin America

FBIS-LAT-96-026 *7 February 1996*

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Cuba

Cuba's Castro Unable To Attend Haitian Inauguration

PA0702022896 Havana PRENSA LATINA in Spanish 0109 GMT 7 Feb 96

[By Amilcar Garcia]

[FBIS Translated Text] Port-au-Prince, 6 Feb (PL) — Cuban Foreign Minister Roberto Robaina was received here today by President Jean-Bertrand Aristide, to whom he presented his credentials as his country's representative to the inauguration of new Haitian President Rene Preval.

The accreditation of the foreign delegations was the first official event of the program for the inauguration, which will take place tomorrow when Preval is sworn in.

Aristide, who invited his Cuban counterpart, Fidel Castro, to participate in the inauguration, was particularly affectionate during the brief exchange of greetings.

Shortly before, the Cuban foreign minister held separate meetings with Foreign Minister Fritz Longchamps and Prime Minister Claudette Werleigh with whom he held a lively discussion on the good prospects of bilateral relations, which are backed by a solid historical and cultural base, but are nonexistent as of yet at the diplomatic level.

The Cuban delegation has been received with special expressions of affection from the Haitian Government and people, among whom there was great expectation about the possible visit by President Fidel Castro.

Robaina explained that although the revolutionary leader did everything possible to attend the presidential inauguration, unpostponable commitments prevented him from traveling so instead, he sent a message of greetings to the Haitian leaders.

"The Cuban delegation's presence in Haiti is the great event of this ceremony," Foreign Minister Longchamps said. Prime Minister Claudette Werleigh described Cuba as "something very special for Haitians."

Representatives of some 50 countries and international organizations are participating in the presidential inauguration, the first in the history of this Caribbean nation.

Cuban Foreign Minister To Attend Haitian Inauguration

PA0602234696 Havana Radio Rebelde Network in Spanish 1800 GMT 6 Feb 96

[From the "National Radio News" newscast]

[FBIS Translated Text] It was officially learned that Cuban Foreign Minister Roberto Robaina will leave for Haiti today on an official visit to attend the inauguration of new Haitian President Rene Preval tomorrow.

Robaina's visit is at the invitation of the current Haitian president to Fidel Castro, his Cuban counterpart, to send a Cuban delegation to the inaugural ceremony, despite the fact that Cuba and Haiti do not have diplomatic relations.

Foreign ministers and other ranking officials from 50 countries have already confirmed their attendance to President Preval's inauguration, which will take place in Port-au-Prince tomorrow.

Cuban Minister: U.S. Policy on Aid 'Hypocritical'

PA0702034196 Havana PRENSA LATINA in Spanish 0014 GMT 6 Feb 96

[FBIS Translated Text] Today Cuban Foreign Relations Minister Roberto Robaina described the U.S. blockade against Cuba as hypocritical, stating that it hinders the shipment of humanitarian aid and encourages subversive actions to destabilize this country.

"How long will this hypocritical and imperialistic policy continue against Cuba?" asked Robaina during his brief speech before members of the sixth U.S.-Cuban Friendship Caravan, which was organized by the Pastors for Peace Interreligious Foundation.

Accompanied by a delegation of Foreign Relations Ministry employees and residents from nearby areas, Robaina welcomed the group of pastors, who finally arrived in Havana. This group was violently repressed by U.S. police and customs agents when they attempted to cross the Mexican border on 31 January.

This action took place on the border checkpoint of Otay Mesa in San Diego, California. During this action, several individuals were injured, one was hospitalized, charges were filed in U.S. courts against 11 caravan members, and the 325 computers that were destined for Cuba were confiscated.

"The free shipment of these computers to Cuban hospitals was not authorized. However, its shipment is encouraged and supported so as to instigate internal subversion in our country," Robaina denounced.

"The computers that the American people had donated to save the lives of our children, women, elderly people, and men were retained behind the iron bars of the U.S. blockade." So stated Robaina while he predicted that this coercive measure "will be condemned by history, and sooner or later, it will no longer exist."

Robaina expressed his appreciation to the Pastors for Peace for this action and to the "thousands and thousands of Americans who in good faith work to build

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[Dotres] Well, the South African Government, through its Public Health Ministry, will hire Cuban doctors under a contract. We have no objections in this regard. Therefore, relations have been established based upon a contract: The South African Government hires these doctors to work under a contract. This is basically how in today's world doctors are working in other countries.

[Alavarez] Would there also be an exchange on education and an agreement affecting the medical-pharmaceutical industry?

[Dotres] Logically, conditions in this country have changed since we no longer have thousands of people from various countries who cooperate freely with Cuba. In this regard, we should take into consideration the country's economic reality [pause] so that not only can every doctor benefit financially, but can benefit the Cuban health system as well. Unquestionably, Cuba has made an investment in training medical professionals and in order to maintain this system, financial resources are required. [end recording]

[Alvarez] Thus far, 200 Cuban doctors are expected to leave for South Africa in late February. They will work in various fields in safe areas like hospitals and villages.

Cuban Foreign Trade Minister Cabrisas Returns From PRC

PA0602181396 Havana PRENSA LATINA in Spanish 2223 GMT 4 Feb 96

[FBIS Translated Text] Havana, 4 Feb (PL) — Cuban Foreign Trade Minister Ricardo Cabrisas arrived here today following official visits to Romania and the PRC, where he signed bilateral agreements to benefit all three nations.

Upon arriving in Havana, Cabrisas described the two visits as very positive. He said that in Romania documents were signed to give continuity to the establishment of a mixed intergovernment commission, based on talks between the two countries.

The two countries also signed agreements to promote and protect investments and to restore bilateral economic ties, especially in the nickel sector.

Cabrisas said that in the PRC, the agreements reached during the visit of Cuban President Fidel Castro were put into effect and an important commmercial agreement for the next five-year period was signed. This agreement envisages supplies of food and medicine, among other goods, to Cuba.

Cuban Minister Meets Press on Plans for New Central Bank

PA0602173696 Havana Radio Rebelde Network in Spanish 1800 GMT 3 Feb 96

[From the "National Radio News" program]

[FBIS Translated Text] Economy and Planning Minister Jose Luis Rodriguez said in Davos, Switzerland, that Cuba anticipates the creation of a central bank in 1996 that will have separate functions from those performed by commercial banks. Rodriguez held a news conference while in Davos, site of the World Economic Forum, during which he explained that the functions of the central and commercial bank have been consolidated in Cuba thus far. However, he added, that the central bank will direct the monetary policy in the future and that the Cuban government anticipates the creation of commercial banks to finance production investment. Rodriguez stressed that the Cuban banking system must undergo reorganization before foreign banks are authorized to operate.

Cuban Ministry Approves Sugarcane Harvesters Incentives

PA0602153896 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Feb 96

[From the "National Radio News" program]

[FBIS Translated Text] The Sugar Industry Ministry [Minaz] has approved higher incentives for the best workers during the sugarcane harvest. The country urgently needs to increase manual and mechanized sugarcane cutting to take full advantage of the harvest's first stage, which due to lack of rain and high yield will certainly boost sugar production and allow for the harvest to end before spring. The Minaz agreed to increase salaries, as well as economic and social incentives, for manual and mechanized sugarcane cutters who exceed their daily goals. This comes in addition to the well-known and improving plan to care for the well-being of the men. Minaz officials made this announcement during a meeting at the Hector Molina agro-industrial complex, in San Nicolas de Bari Municipality, on the allocation of resources to the province and the poor sugarcane delivery to the industry by this agro-industrial complex, which has not achieved its potential daily goal in the harvest's first 10 days but has shown good and rising factory yield. Candido Palmero Hernandez, Politburo member and first secretary of the party in Havana, summoned workers to increase productivity and add brigades if necessary. Palmero said that the quickest and most efficient solution would be to increase the number of sugarcane combines; however, he added, manual

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cane cutters were asked to increase their efforts because the province does not have more combines available.

Cuban Construction Workers Discuss Major Projects

PA0602173796 Havana Radio Rebelde Network in Spanish 1800 GMT 3 Feb 96

[From the "National Radio News" program]

[FBIS Translated Text] Havana construction workers are discussing production deficiencies in response to the commander in chief's criticism and are preparing to tackle important projects. The Guines brick factory will receive a boost. Several projects will be completed, among them: Construction of 2,900 houses, the second stage of Guines brick factory construction, the Havana-Matanzas channel, and 132 hectares of freshwater ponds to increase fish breeding production using intensive methods. The province's two electricity plants — located in Santa Cruz del Norte and Mariel — will also undergo maintenance and repairs. Improvements to the Via Blanca highway — in the section between Havana City and province — will also be made. The provincial white helmet workers — with renewed spirits and looking for efficient results — plan to build the Aguas Claras canal to irrigate agricultural fields and finish new important projects in the National Center of Biotechnology in Bejucal to consolidate Biocen's medical and pharmaceutical production. The Mariel hospital will also be completed, and the hospital ward in Artemisa municipality — from which we are reporting — will open.

Cuban Minister Forecasts Food Services Industry Comeback

PA0602185896 Havana PRENSA LATINA in Spanish 1634 GMT 4 Feb 96

[FBIS Translated Text] Havana, 4 Feb (PL) — Domestic Trade Minister Barbara Castillo has reported that following a marked decline, Cuba's food service industry is showing some signs of recovery. Castillo said that spectacular progress can be expected in the next two years.

In an interview with the weekly JUVENTUD REBELDE on food services in the country, Castillo said that industry contraction over the past five years due to resource shortages and the economic crisis is beginning to slow.

With regard to changes taking place in that state sector, the minister mentioned the incorporation of new methods at the relatively new agricultural and livestock and industrial markets and the placing of kiosks and other mobile installations in town centers and city streets, including central streets in the capital.

She also mentioned that food services industry officials have been working with commercial establishments where staples are sold — known as bodegas or supermarkets — and that there is growing flexibility permitted to the operations of managers and other persons responsible for securing certain supplies.

Minister Castillo said there are difficulties that can be tagged to the human resource, such as lack of initiative, of creativeness, of effort by work teams, the inability of superiors, and the somewhat general tendency to accommodate work hours without considering that services must be provided when consumers demand them.

The minister denounced the fact that resources are being detoured and that goods get lost, or unnecessarily deteriorate, or are stolen in state units, often, she complained, because of lack of controls and exigencies.

Castillo said that food service industry centers are not being denied the possibility of conceiving ways of acquiring the products they wish to sell but, she cautioned, in order to maintain the necessary order and control, purchases must be made through the basic self-supply units [unidades basicas de autoabastecimiento] created for this purpose.

Another subject of the interview was the competition conditions that the incipient private sector is creating for the state food services industry. In this regard, she said that in these difficult days the idea is to create, without much ado, the basis for revitalizing the food services industry.

Some circumstances have made some people doubt our ability to respond properly, but we are recovering little by little and the solution to material problems are beginning to appear, she stated.

Cuban Minister Reports on Scientific Accomplishments

PA0602162296 Havana Radio Rebelde Network in Spanish 1800 GMT 3 Feb 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Rosa Elena Simeon, minister of science, technology and the environment, and Politburo member Concepcion Campa are heading the 1995 assessment meeting of that ministry.

Rosa Elena Simeon read the report on the ministry's accomplishments during 1995, which stressed that efforts in science and technology programs were among the top priorities. Simeon added that this program had a fulfillment rate of over 85 percent.

As an example of the efforts specialists conducted under special period conditions, Simeon listed several

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accomplishments achieved between 1991 and 1995 in such sectors as the nickel industry, which experienced a leap in production and a drop in the cost per ton. Simeon added that the energy program also attained successes and aimed to improve the knowledge of national reserves of fossil and renewable fuel sources, particularly the development of Varamulsion, a new type of fuel attained from crude from Varadero.

Simeon said the sale of vaccines as well as biopharmaceutical products for export rendered significant revenues to the country last year.

The accomplishments achieved in the scientific sector and in the environment as well as in meteorology and nuclear and radiation safety programs are other aspects that will be discussed at the meeting.

Cuba's Raul Castro Opens 'Preparedness for Defense' Year

PA0602222196 Havana Radio Rebelde Network in Spanish 1255 GMT 5 Feb 96

[Report by Sergio Martinez Martinez; from the "Doing Radio" newscast]

[FBIS Translated Text] We can report that Army General Raul Castro Ruz, presided over the political events and military review of troops to open the year of preparedness for defense at the Oriental Army.

The minister of the FAR [Revolutionary Armed Forces] summarized the historic and revolutionary virtues of Santiago de Cuba.

[Begin Castro recording] Fifteen years ago, when the first Congress of the Cuban Communist Party was held, we said that as long as imperialism existed, the party, the state, and the people would give their utmost attention to the country's defense. Our revolutionary guard will never be [words indistinct]. History shows very clearly that those who forget [?sacrifice], do not survive their mistakes, as the commander in chief has told us.

The incidents that have taken place in the last six years and the unipolar world in which we are living have shown over and over again [words indistinct] of our warning.

[Words indistinct] will not be less in 1995. Up until now, we have had an advantage. We are sure it can be done. We know it is possible. [Applause] It is possible to come out ahead with our own strength. We know we are capable of doing it and we are being increasingly efficient. We remain firm and united. [Words indistinct]. Our forefathers fought for our independence, which was later frustrated by the [?empire]. Exactly 70 years later, once again united by Fidel, we beheaded the tyranny. We threw the Yankee yoke off our backs and we built a new fatherland. United and with the same strength of our commander in chief, we will make [words indistinct] and machetes. Viva Free Cuba! [end recording]

Cuban Senior Reporter on Salaries, Economy, Production

PA0702034896 Havana Radio Rebelde Network in Spanish 1255 GMT 5 Feb 96

[From the "Doing Radio" newscast with Julio Garcia Luis, president of the Union of Cuban Journalists, and anchorman Felix Garrido]

[FBIS Translated Text] [Garrido] What can you tell about these things?

[Garcia] The problem is truly complex and should be considered carefully. The adjustment process in the country's economy has not yet been completed. This process is still ongoing because it is necessary to reorganize the country's finances by meeting a key requirement to solve all problems, this is to say, increase production.

[Garrido] However, there is a problem. People think that, when the finances are reorganized, there is nothing else to be reorganized.

[Garcia] That is not so. The process has not yet been completed. [Words indistinct] with developmental measures that involve investment and progress. Nevertheless, this does not mean that the other process, financial reorganization, has already been completed.

[Garrido] You mean our own pockets.

[Garcia] Yes, and I will give you an example. On the one hand, there are still 800,000 workers in the country whose jobs are being subsidized. These workers return to the country just 25 percent of their salaries — and this is not their fault. It is because of raw materials and electric energy shortage. The state still subsidizes, not only these workers, but 30,000 more who spend 60 percent of their time home. It cannot be said that the country has already exhausted all alternatives. Money can still play its proper role as incentive for better production results. On the other hand, we have to take into consideration that, even under these circumstances, the country has made an effort to encourage workers as much as possible.

Already more than 1 million workers are getting incentives of one type or another. For instance, there are the sugar cane workers, who are already receiving incentives.

[Garrido] The country's labor force is more than 3 million.

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[Garcia] Three and a half million, to be exact. Approximately one-third of the country's labor force are getting additional incentives according to the country's available resources. Nevertheless, I think the key and essential concept is that we must of necessity experience this painful money shortage so the country feels the urge to work. If everyone works, the country can overcome the crisis, and there can be efficiency and tangible results. This is the only solution for taking the country out of the situation we are in.

[Garrido] The country must also urgently find a solution for the problem of providing the people with basic products, such as staples, for which there is great need and demand. (?It is difficult) to compete with self-employed vendors. The people cannot acquire certain products every day because the price is too high.

[Garcia] I know. And I also know there is a range of possibilities, which have not been exhausted with [words indistinct]. So far, we have done what had to be done. From now on, we will have to be more selective. Why? Because there is a lot of money, 9 billion, concentrated in a small number of (?people) and smaller sectors. It has been said that between 12 and 14 percent of the population own 80 percent of the money.

[Garrido] The possession of money has become polarized.

[Garcia] Yes. This means that, from now on, more selective measures will have to be applied in addition to the old ones. Through these measures, the state can act on these groups more directly. And there is more. Only 4 percent of the social expenses are covered by money collected from taxes all of us pay one way or another. The government still absorbs more than 50 percent of social expenses. This means that the state is (?providing) the money plus interest required by the various social services. We have to have more of the social expenses borne by these people who own or receive more money, or who [words indistinct]. We have already discussed self-employment and agricultural market people, as well as intermediaries, all of whom should absorb a bigger share of the social expenses.

[Garrido] This is all very interesting because an equitable distribution is guaranteed in our country's social justice system. This would be impossible if we had been living in a neo-liberal system. [words indistinct].

[Garcia] There is the difference. In other words, it is true that the (?daily) salary is low at present because it has shrunk tremendously. But it must also be taken into consideration that the state, by absorbing social expenses, is backing certain areas but still needs to improve the workers' true salaries.

Roundup of Cuban Economic Developments Through 6 Feb

PA0702004296

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 6 February.

According to a 30 January report datelined Havana, Motores Internacionales, Inc. (MOINSA), distributor in Cuba of Mitsubishi Motors and SKF firms, reported that in 1996 its operations here totaled $31.3 million. In a note, the Panamanian firm stated that 1995 sales represented 170 percent of sales made in 1994, when their operations reached 18.5 million. MOINSA noted it will continue to expand its operations in this country and to bet on the Cuban economy's recovery. The firm concluded its most important project in 1995 was the replacement of the vehicle fleet of the Cuban Telecommunications Enterprise, Inc., while revenues for the sale of spare parts for Mitsubishi, Subaru, Komatsu, and Lada were high. (Havana PRENSA LATINA in Spanish 2052 GMT 30 Jan 96)

Varadero resort last year reportedly obtained $277 million in revenues. During this time, foreign exchange revenues increased by nearly 30 percent in the main tourist resort of the country. Only hotel activity generated revenues in excess of $100 million, while the largest revenue collectors were Cubanacan, Cimex, and Gran Caribe Corporations. Hotels in Varadero have more than 10,000 hotel rooms, distributed in approximately 100 facilities. Last year, more than 250,000 tourists reportedly visited Varadero resort. New hotel facilities, including Oro Verde and Las Sirenas Hotels with 272 and 250 rooms, respectively, are expected to be completed this year. (Havana Radio Rebelde Network in Spanish 1800 GMT 31 Jan 96)

A Havana-datelined item reports on 31 January that France will increase its credit line to Cuba for up to $155 million as an indication of its willingness to strengthen ties with the island. French Ambassador Jean-Raphael Dufour stated a French business mission will visit the island this year to explore investment possibilities. On 29 January the Paris Transportation Autonomous Region donated 25 buses for urban transportation in the Cuban capital. The ambassador concluded by saying that the meeting of the French-Cuban Cultural Commission has been scheduled for the end of March. (Havana PRENSA LATINA in Spanish 1811 GMT 31 Jan 96)

A 31 January item datelined Havana reports that the Fishing Industry Ministry is prepared to exceed $180 million in exports in 1996. Vice President Carlos Lage highlighted the advancement of this sector of the economy in 1995, adding last year's accomplishments should

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not generate excess optimism. Lage noted in 1995, fishing sector exports generated $150 million. He expressed that 1996 will be a difficult year because financial conditions present in 1995 will repeat themselves, namely short-term and high-interest loans, and the tightening of U.S. embargo. He concluded by saying he believes exports this year may reach the $180 million mark. (Havana PRENSA LATINA in Spanish 0224 GMT 1 Feb 96)

Cayo Hueso, one of the five Popular Councils of Central Havana, has undertaken a housing and road repair program that will require 7,000 tons of cement and 18,000 cubic meters of sand, among other materials, and is expected to cost between 12 million and 15 million pesos. The goal of the plan is to repair the interiors and facades of buildings and roads in the next six months, since 80 percent of the area's housing is in need of repair. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 1 Feb 96)

According to Urbano Gonzalez, Tourism Ministry delegate in eastern Holguin, Granma, and Las Tunas Provinces, overall revenues grew 34 percent and foreign exchange revenues, 44 percent in 1995 when compared to 1994 figures. In all, 72,000 tourists from 34 countries visited this region, or 18,000 more than in the previous year. Gonzalez attributed the increase to the availability of 244 new hotel rooms. He noted that this year, $10 million will be spent in building roads, nightclubs, and discos in the region, and that Holguin will have its first five-star hotel. (Havana Radio Rebelde Network in Spanish 1255 GMT 1 Feb 96)

The enterprises belonging to the National Union of Nickel Enterprises (Union Nacional de Empresas del Nickel) in 1995 contributed $90 million to the national economy and showed an acceptable improvement in the production costs and expenditures index. This was reported during an assessment meeting held in Moa attended by Basic Industry Minister Marcos Javier Portal. The sector is expected to produce $110 million this year. During this meeting, Union Director Claudio Otero alluded to the deficiencies that exist, such as the failure to dismiss inept bosses and obtain expected results from the equipment that is purchased. Portal, in turn, pointed to the need to modernize the industries, workshops, or factories and earmark money to that effect. (Havana Radio Rebelde Network in Spanish 1800 GMT 1 Feb 96)

Villa Clara Province tobacco growers expect to collect 85,000 quintals worth of leaves in the current harvest. This figure shows an upward trend with regard to 1994. To achieve higher yields in next year's harvest, intense work is underway to find land and plant the leaves. There are vital tasks in this process that are not marching well, however. There are 107,830 tobacco sheds that have no protection. The private sector will plant and gather 80 percent of the province's total yield. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 2 Feb 96)

The Iranian ambassador to Cuba informed that bilateral trade amounted to more than $20 million in 1995. (Havana Radio Havana Cuba in Spanish 1300 GMT 2 Feb 96)

Pinar del Rio Province produces 80 percent of Cuba's total tobacco production. This year more than 2,400 caballerias (some 32,000 hectares) have been devoted to this crop. During the 1994-95 tobacco harvest, PInar del Rio produced 45,000 tons of tobacco that generated an income of $70 million. Production is expected to increase by 5,000 tons during the current harvest despite last year's rains. A Spanish company, Tabacalera, S.A., and a Brazilian company are providing financing to obtain raw materials for some 22,000 hectares. (Havana Radio Havana Cuba in Spanish 0000 GMT 4 Feb 96)

In 1996, the sales volume of Cuba Petroleum, Cupet, will grow by 40 percent and revenues will increase by 47 percent while production will rise also. Cupet has planned the annual production of gasoline to meet the needs of every sector. According to a Cupet engineer, the Cuban Lubricant Enterprise, Cubalub, is on its way to recovery in market share. Diesel and fuel oil will be Cubalub's only two products that will not meet local demand this year. (Havana Radio Reloj Network in Spanish 2030 GMT 4 Feb 96)

Coffee growers from Villa Clara Province have produced 297,000 cans of coffee, an increase of some 48,000 cans over estimates, during the current harvest. A 20-percent increase in production is expected for 1997. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 6 Feb 96)

According to a Havana report datelined 3 February, Cuba's Steel Industry, Sime, will increase its production for the tourist infrastructure. In 1995, Sime's production for this sector exceeded $25 million. Sime's estimated production for 1996 is to exceed $100 million in products to substitute imports. (Havana PRENSA LATINA in Spanish 1730 GMT 3 Feb 96)

Haiti

Haiti Restores Diplomatic Relations With Cuba

PA0702050896 Paris AFP in Spanish 0444 GMT 7 Feb 96

[FBIS Translated Text] Port-au-Prince, 6 Feb (AFP) — On Tuesday, Haiti and Cuba restored diplomatic

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relations, which had been broken for 34 years, it was officially reported in Port-au-Prince.

The resumption of relations, broken in 1962, was crystallized in an agreement signed by Haitian Foreign Minister Fritz Longchamps and Cuban Foreign Minister Roberto Robaina at the National Palace in Port-au-Prince.

The agreement also contemplates organizing and increasing the commercial, cultural, scientific, and technical exchange between the two countries.

Under President Francois Duvalier, Haiti aligned itself with the United States and voted in favor of Cuba's expulsion from the Inter-American system in 1962, during the conference in Punta del Este, Uruguay.

Haiti, however, retained an honorary consulate in Santiago de Cuba up until 1964.

Official sources said on Tuesday, 6 February, that the restoration of diplomatic relations between Haiti and Cuba was one of the last foreign policy decisions of outgoing President Jean Bertrand Aristide.

His successor, Rene Preval, will be sworn in as new Haitian president on 7 February.

'Sources': Cuba's Castro To Attend Haitian Inauguration

PA0602234196 Paris AFP in Spanish 1932 GMT 6 Feb 96

[FBIS Translated Text] Port-au-Prince, 6 Feb (AFP) — Cuban President Fidel Castro will travel to Haiti in a few hours to attend new Haitian President Rene Preval's inauguration on Wednesday, well-informed sources reported today.

The delegation that will accompany Castro, made up of about 50 people, including numerous members of the Cuban security services, arrived in Port-au-Prince today. [sentence as received]

Because the decision to travel to Haiti was made late, it was not reported where Castro would be staying.

The Cuban delegates had initially planned to stay at the Club Mediterranee (French-owned resort) and the Moulin-sur-Mer Hotel, located in the capital's northern quarter, but last-minute changes were made, the sources said.

Preval, who replaces President Jean-Bertrand Aristide, will be sworn in on Wednesday in Port-au-Prince. Preval was elected on 17 December 1995 for a five-year, nonrenewable term.

China May Block Haitian Request for UNMIH Extension

PA0702021696 Port-au-Prince Signal FM Radio in Creole 1230 GMT 5 Feb 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] China's representatives to the United Nations may decide to block the president-elect's request that the mandate of the UN Mission in Haiti [UNMIH] be extended by another six months. The current president of the UN Security Council, U.S. representative, Madeleine Albright, says she has been informed by the Chinese authorities who gave their position, that China has decided to block Preval's request because Taiwan has decided to send representatives to participate in the transfer of power on 7 February. The Chinese authorities interpret Haiti's invitation to Taiwan as a violation of their sovereign rights on this island.

According to a source close to the United Nations, the Haitian authorities are already aware of the decision of the Chinese authorities. China is one of the five countries that have veto rights to prevent a decision from being made within the United Nations.

Haiti's FNCD Draws 'Very Dark' Assessment of Aristide

PA0702034096 Port-au-Prince Signal FM Radio in Creole 1230 GMT 5 Feb 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The National Front for Change and Democracy [FNCD] has drawn up a very dark assessment of the Aristide presidency. According to the FNCD officials who — as we recall — had supported the candidacy of Jean-Bertrand Aristide in the presidential elections of December 1990, the outgoing head of state has proved to be a demagogue. FNCD spokesmen Evans Paul and Turned Delpe have asserted that they do not expect much from the presidency of Rene Preval.

Ten years after Jean-Claude Duvalier, the assessment remains negative, according to Evans Paul and Fritz Valesco. The official of the Confederation for Democratic Unity [Paul] and the journalist [Valesco] who were the guests of Clarens Renois at the meeting this past Sunday [4 February], actually acknowledged that the failure was total whether on a political, economic, or social plane. In Evans Paul's opinion, this situation is partially due to the fact that the opponents to the Duvalier regime did not prepare the post-Duvalier leader. For his part, Fritz Valesco questioned the absence of leadership. [passage omitted]

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Haitian Fire Victims Block La Saline Road

PA0702021796 Port-au-Prince Signal FM Radio in Creole 1230 GMT 5 Feb 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The top story today is that La Saline Boulevard is blocked this morning. Barricades have been set up in the area by demonstrators, obviously people whose houses burned during the fire that broke out last week on La Saline Boulevard. The victims of last week's fire have decided to block the boulevard order to demand the reconstruction of their houses. The demonstrators, who set up big barricades near the Ohtsu Service Center are also asking for the presence of the Haitian head of state — the outgoing head of state — President Jean-Bertrand Aristide. [passage omitted]

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Mexico Authorizes U.S. Freight Companies' Operation

PA0602170896 Mexico City LA JORNADA in Spanish 2 Feb 96

[By Patricia Munoz Rios — received via Internet]

[FBIS Translated Text] The Commerce and Industrial Development Secretariat (Secofi) has authorized the operation of U.S. cargo transportation companies on Mexican territory "in a totally illegal way and in violation of every law" and has granted advantages and privileges to foreign companies over national companies.

Bernardo Lijtszain, president of the National Chamber of Land Transportation of Cargo (Canacar), asserted that five companies in the transportation sector, backed by U.S. capital, are currently operating in Mexico: SNaider, JB Hunt, SM Carriers, Celedom, and UPS. UPS has only been authorized to provide mail services and is already operating as a freight company. This authorization was granted by Secofi.

Secofi sources claim that the authorization was given to gain foreign investment projects and that "all legal requisites were observed."

However, Lijtszain claims that the foreign freight companies are exploiting our country's Law on Foreign Investments — basing themselves on the chapter on neutral investments — to start operations in Mexico, because based on this chapter they claim "national treatment" for their capital.

For example, in this way SNaider, the number one freight company in the United States, obtained authorization from Secofi to engulf a Mexican freight company. The company is even listed in the stock exchange and its initial investment for operating in Mexico is 100 new trucks, with which it has begun completely unfair competition.

The leader of the truckers says these authorizations are being granted outside of NAFTA and Secofi is allowing this to occur in violation of the Transportation Law and other regulations.

Lijtszain indicated that in fact U.S. companies normally operating in Mexico, while Mexican freight companies are not allowed to operate in the United States and the NAFTA is ignored.

Lijtszain said this is cause to be concerned because we are at a distinct disadvantage to compete with these companies that, moreover, are the market leaders in the United States. This is unfair competition and a complete invasion of the sector in Mexico with the consent of the authorities that are supposed to defend the rights of Mexicans and not of foreigners.

Lijtszain gave a joint news conference with PRI [Institutional Revolutionary Party] Senator Carlos Jimenez Macias, leader of the National Organizations and Citizens Front (FNOC), who stated that the FNOC will support the struggle of the Mexican freight companies against the U.S. companies established in Mexico.

Jimenez Macias expressed his nonconformity with the Mexican authorities that granted the concessions because it is a terrible blow to the efforts of the freight sector, which has been badly affected by the "financial earthquake."

In his opinion, the problems that have arisen in the freight sector and the so-called "tomato war" within the framework of NAFTA are a "terrible presage and threaten the agreement which is experiencing terrible setbacks."

Jimenez Macias believes it obvious that the administration should strengthen its policies and the Mexican Congress should be strengthenening the government's position, because noncompliance with an international agreement and lack of respect for the principle of nonintervention can in no way be tolerated.

Jimenez Macias said Mexican senators should not remain passive to the many expressions of rejection, beleaguering, and discrimination that the United States has shown against Mexicans.

"As legislators, we have to raise our voices and not allow the U.S. Congress, especially the Senate, to continue to act this way against this country," Jimenez Macias said. In all regards, for example, it is clear that for many, many years a major drug trafficker has not been arrested in the United States. However, the United States demands that the rest of the countries make those arrests. It is time for the world community to insist that Washington take firm action in that regard.

In the conference, the position of the popular sector of the PRI regarding the situation of the Mexican freight sector and NAFTA was disclosed, which points out that it is necessary to fully obey the letter and spirit of NAFTA.

The full support given to Mexican freight companies is revealed in a document, and an appeal is made to avoid making politics out of a strictly commercial relationship. The document also points out that the cargo transportation sector will not remain passive before this situation. It will remain heedful and informed to analyze events, because the commitments acquired by the three governments and sealed by the three legislative powers of those governments cannot be contravened.

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Mexican Official: 'Little Information' on U.S. Mafias

PA0602195096 Mexico City LA JORNADA in Spanish 1 Feb 96 p 3

[Report by Juan Manuel Venegas and Ciro Perez Silva]

[FBIS Translated Text] Deputy Attorney General Hiram Escudero Alvarez, in an analysis entitled Comprehensive Strategies To Fight Organized Crime, has said that one of the major problems facing the struggle against drug trafficking on the American continent is that there is little information about the U.S. mafias.

"Strangely enough, little is known about the U.S. mafias, but we do know, however, they are the main drug consumers on this continent," Escudero has said.

Meanwhile, a report issued by Interpol-Mexico entitled International Aspects of the Struggle Against Drug Trafficking has stated that the United States is the world's largest drug market, and thus it is "vitally important" that this country "apply more vigorous measures to counter drug consumption among the people, that it realize the damage excessive consumption of drugs causes to humanity, and that it wage a stricter struggle."

Escudero said in his conclusions: "The best struggle against drug trafficking is the one promoted by society to prevent the proliferation of addiction among youths." This is why he warned that "the active and resolute participation of the citizens will help counter the negative effects caused by drug trafficking on the mental health of peoples of America and the world."

After stressing the problems confronting Mexico due to the "attack" of drug trafficking organizations, the deputy attorney general said the struggle against drug trafficking "is worldwide," adding that "never before had organized crime and the cultural phenomena characterizing it posed such an imminent danger to society at large."

The official's analysis, which was prepared last year, dealt first with this problem at the world level and placed "Italy's Cosa Nostra" at the top of international crime organizations. This group emerged in Sicily in 1860 and extended its influence beyond its borders after World War II. The Cosa Nostra became the first multinational company to lead illegal activities worldwide due to its age and operational system."

Besides the Sicilian Mafia, Hiram Escudero mentioned the Camorra and Andraghetta organizations, which were also born in Italy, "that have expanded their activities to such an extent that they have reached Europe, America, and Asia."

According to his analysis, in America "there are three countries that serve as host to criminal organizations, and the most important one is in the United States: The American Cosa Nostra. According to certain writers and scholars, it is subordinated to the Italian mafia although others claim they are equals and have links through their commercial activities.

The deputy attorney general placed the Colombian and Mexican cartels below the U.S. mafia. He said the Cali Cartel is "the most powerful in Latin America. The cartels of the Gulf, Juarez, Tijuana, and Sinaloa have emerged in the past 15 years in Mexico.

These Latin American cartels, Escudero has said, "have links with organized crime" in the United states, but "we know very little about the U.S. cartels, strangely enough."

As for the Interpol-Mexico report, he has said Mexico in its struggle against drug trafficking must "abide by international treaties and agreements that help safeguard the nation's sovereignty and security and strengthen solidarity at the international level."

Escudero has said international cooperation and exchanges of information and technology regarding the struggle against drug trafficking and organized crime are "the best weapons humanity has to achieve its goals."

He has said the authorities of the countries involved in fighting organized crime and drug trafficking "must implement genuine control and combat mechanisms to destroy the links that allow the safe transiting and trafficking of drugs."

Mexican Commerce Secretary: Foreign Investment Prospects

PA0602171396 Mexico City NOTIMEX in Spanish 2023 GMT 2 Feb 96

[By Gerardo Cardenas]

[FBIS Translated Text] Davos, 2 Feb (NOTIMEX) — Mexican Commerce Secretary Herminio Blanco asserted today that foreign capital has reacted in a positive way to the measures adopted against the 1995 crisis and that Mexico again attracts foreign investors.

Blanco said in a news conference that President Ernesto Zedillo's tour through four European countries, scheduled to conclude on 3 February, has received a very positive reaction from investors on the continent.

"Mexico is seen as the attractive country they previously saw b[illegible] having passed the very difficult test of a crisis, the worst in our modern history, they now see the

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economy's capacity to react," the Mexican secretary indicated.

Blanco said: President Zedillo will emphasize this fact when he addresses the World Economic Forum's plenary session in Davos and afterward, when he attends a work lunch with 150 businessmen from various countries.

Blanco recalled that the 100 most important foreign enterprises which operate in Mexico announced in December investment plans totaling $6.3 billion, a figure that doubles the sum generated by the same sources in 1995.

The enthusiasm shown by investors should result in the prompt implementation of a free trade agreement between Mexico and the EU to take advantage of the globalization process launched by the 15 members, the secretary added.

Throughout his tour the president has met with the most important businessmen of Spain, the UK, and Italy, as well as businessmen who came from all over the world to attend the World Economic Forum in Davos, Blanco said.

The commerce secretary said: "The businessmen are surprised by the quick adjustment that has taken place in Mexico, after the crisis which began in December 1994."

This has also been the attitude adopted by European businessmen when they learned about "the structural changes that were made (in 1995), the regulatory and legal changes, and even the constitutional changes" made in the telecommunications and transportation sectors.

He said businessmen have reasserted their interest in the Mexican market, given its ample access to the United States through NAFTA.

NAFTA, which became effective on 1 January 1994, "has changed European businessmen's perspective" and they now see Mexico "as part of their strategy for investment and commerce with North America."

Mexico has stated its wish and continues to hope that the EU will establish guidelines to negotiate a commerce and political association pact, the Mexican secretary said.

He recalled that Spain, the UK, and Italy — which holds the EU's six-month chairmanship this semester — have given "very strong support" to the Mexican request to expedite the creation of a negotiation guideline from the European Commission.

Blanco accompanied President Zedillo to a work meeting with Swiss Confederation President Jean Pascal Delamuraz and a bilateral meeting with Peruvian President Alberto Fujimori on 2 February.

The presidents of Mexico and Peru agreed that the changes carried out by Mexico and Latin America make (the subcontinent) seem like an attractive place for investments, the official said.

Mexico is competitive with its partners not only in North America but also in Southeast Asia, although the countries in that zone have progressed to higher rates and more attractive investment conditions than Latin American countries in recent years, he said.

"We consider that a free trade agreement with the EU would be an interesting means to implement commerce and European investments in Mexico," Blanco indicated.

"The fact the president has met with the most important markets is very important, and this will be reflected in (1996) investments and future years," he added.

Blanco recalled that, even if negotiations with the EU begin during the semester that Italy has the presidency, they may be extended to the presidencies of Ireland (second half of 1996) or Luxembourg (first semester of 1997).

The Mexican commerce secretary said: "The moment they (the EU governments) have guidelines, the technical and political phase of the negotiations will begin."

Partisan Clash in Mexico's Oaxaca Leaves 15 Injured

PA0602150396 Mexico City Radio Red Network in Spanish 0000 GMT 31 Jan 96

[Report by Samuel Gomez, in Oaxaca; from the "Night Monitor" newscast]

[FBIS Translated Text] A clash between members of the Party of the Democratic Revolution [PRD] and the Institutional Revolutionary Party [PRI] in front of the Government Palace this afternoon left at least 15 people injured, including three with gunshot wounds. The clash took place at 1700 when about 150 PRI members led by Manuel Leon Sanchez arrived at the Government Palace, where 500 PRD members staged a sitdown strike to protest the state government's apathy to resolve the postelectoral conflict. PRI and PRD members initially engaged in a verbal altercation, after which they got into a fist fight. Some of the PRD and PRI members wielded weapons, stones, clubs, and bottles, injuring 15 people, including Marcos Cabrera and Carlos Jimenez, who were checked into the civilian hospital. Following

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these incidents, the police combed the area and PRI members retreated to the Chamber of Deputies, where they blocked Juarez Avenue and threatened to stage new protests. Meanwhile, (Leopoldo Degives De La Cruz), PRD legislator and leader of the Oaxaca Peasant-Student-Worker Coalition, commenting on these events said:

[Begin (Degives De La Cruz) recording] I want to state that the PRI barbarism is again claiming new victims. We blame Deodoro Carrasco Altamirano, Stefan Arcia, and Vicente De La Cruz for provoking violence today. We demand an immediate response from the government regarding the masterminds of this bloody attack against the COSEI [expansion unknown] and the PRD. Finally, we demand that the perpetrators of this bloody attack be immediately jailed. [end recording]

It should be pointed out that moments before the clash, PRI members hit former PRD Federal Deputy Eloy Vasquez Lopez, whom they partially stripped of his clothes in front of the Chamber of Deputies. Violence is reportedly the result of the 42 postelectoral conflicts that still exist in this state.

Mexican Export-Import Association Chief on Economy

PA0602153996 Mexico City LA JORNADA in Spanish 31 Jan 96 p 48

[By Patricia Munoz Rios; all quotation marks as received]

[FBIS Translated Text] Mexico is still "far" from having entered a phase of economic recovery and has no other option available but foreign trade to encourage growth, Luis Rebollar, president of the National Association of Importers and Exporters [ANIERM], has said. He added that the country's financial system is completely vulnerable and that if something is not done to improve it "no program will be viable in the country."

In his first news conference as head of the association, the industrialist commented that "we have nothing left to grow, only our exports, the reason for which it is of utmost importance for the government to develop strategies to subsidize this activity."

Luis Rebollar acknowledged that the situation the Mexican financial system is undergoing is critical and that exporting activity is not up to international competition standards.

He believes that it is incongruous for the government to continue assigning major resources to salvage the financial system and not do the same to support the industrial sector. "Too much is being assigned to the financial sector and that is evidence of this sector's vulnerability," the ANIERM president stated.

Other productive sectors, he stressed, are being sacrificed in order to encourage an economic rearrangement, although he does acknowledged that at this time it would be counterproductive to abandon this path.

In reference to differences between Mexico and the United States related to agreements included in NAFTA on cargo and tomato transshipment along the border, he commented:

"We must be cautious because if we start setting up barriers to the agreements signed as part of NAFTA, we would only bring about severe trade setbacks." The Mexican Government must make sure not to violate NAFTA because this would only serve to spoil the agreement, he stated.

Rebollar insisted that "we must try not to swerve from the agreement" and that this will depend on the Mexican authorities' insight since vacillating in this respect would mean losing all the progress we have accomplished in this negotiation.

In his opinion, Mexico is prepared to play in the *big leagues* [previous two words in English] of international trade. The game has already started, he noted, so "now we must continue and conform to the game, without any weakness from the government."

Neither must we lose sight that the United States will seek to continue using Mexico and "we must be prepared to challenge this, most of all because the electoral process in which this nation will be involve in during 1996 can cause a negative impact to NAFTA in the short term."

Therefore, it is important to be on the alert with respect to the commercial agreements in order to preserve the balance between rights and obligations and prevent countries with greater economic influence from incurring violations to the agreement.

Low Growth During 1996

The ANIERM president forecasts that Mexico will obtain a 1 percent growth in its Gross Domestic Product (GDP) during the current year. At any rate, a 20 percent growth is expected in Mexico's foreign trade — over the results obtained in 1995 — since it has been forecast that an export level close to $86 billion will be obtained while imports have been estimated at $78 billion.

This forecast would entail an $8 billion commercial surplus based on an exchange rate of 8.6 pesos per dollar, the ANIERM estimates.

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Rebollar indicates that more than aspire to a major trade balance surplus by holding back the purchase of foreign goods, Mexico should strive to raise the level of trade in both directions. The country must maintain industry operations at an adequate pace since doing otherwise would only mean risking its participation in the international market.

Finally, he pointed out that 150 firms specializing in foreign trade failed during 1995 but that a balance was reached since a similar number of companies also joined in the activity.

Mexico's Central Bank To Lower Rates, Stabilize Prices

PA0602161196 Mexico City EL FINANCIERO in Spanish 1 Feb 96 p 4

[By Gerardo Flores]

[FBIS Translated Text] The Bank of Mexico (Banxico) has said the country's monetary policy for 1996 will not be aimed at promoting growth and will not disregard the struggle against inflation.

Banxico noted the country followed the correct path to resist the crisis and advance toward a macroeconomic reordering in 1995. This has stopped the financial race against the country and today has made it possible to access world markets of capital.

Banxico said the best way it could help develop the country's economy is by decreasing the rates and maintaining price stability.

The financial base in 1996 will increase by 18 billion pesos, 27 percent more than the amount registered in 1994, 66.809 billion pesos. Meanwhile, the limit on the growth of domestic credit was fixed at 15 billion pesos, 5 billion pesos more than in 1995.

Banxico confirmed that: The primary supply of money will be adjusted every day; its domestic credit system will be handled in such a way as to resist inflationary pressures; and it will cushion the monetary impact of the credits it grants to the Savings Protection Banking Fund (Fobaproa) and Support Fund to the Securities Market (Fondo de Apoyo al Mercado de Valores) (Fameval).

Banxico announced the implementation of trimestral limits to the net growth of internal credit, which is estimated at $500 million for the period January-March 1996 and at $390 million — a total of 3 billion pesos — for the following three-month period.

The aforementioned, Banxico pointed, will give the analysts the necessary components to evaluate the monetary policy throughout the year.

The Banxico report "Disclosure of the 1996 Monetary Policy," sent to the executive and legislators of the Standing Commission of the Congress of the Union, states that limiting primary credit helps the analysts follow up the implementation of the Central Bank's monetary policy.

The 41-page document, which updates and adds information to a previous text issued in December, explains that despite the fact "some people and institutions believe there is need to promote growth during the upcoming months and forget about the inflation," Banxico stresses that "there have been no cases in other countries where a positive and stable relation was found between the growth rate of money supply and the real GDP."

Banxico, which is headed by Miguel Mancera, underscored the fact that the increase in the interest rates nullifies whatever positive repercussion the largest monetary supply could have over private expenses and income.

A policy of expansion prompts not only more inflation but flight of capital, depreciation in the rate of exchange, and a negative effect on the GDP's growth rate.

Banxico noted that it will purchase small amounts of currency in the market — in case it does — at the moment when these transactions are carried in order to curb any pressure on the type of exchange and not send signs that economic analysts could misinterpret.

Banxico made an inventory of the 1995 statement: Domestic credit grew by 77.688 billion pesos, it dropped from 24.196 billion pesos in December 1994 to 53.492 billion in December 1995. Meanwhile, the monetary basis was placed at 66.809 billion pesos, an increase of 13.179 billion in December and 9.874 billion for the whole year.

Banxico interventions into the monetary market totaled approximately $505 million from the second half of September to the end of 1995.

Business Sector: Mexico Does Not Prevent Devaluation

PA0602162196 Mexico City LA JORNADA in Spanish 1 Feb 96 p 45

[By Patricia Munoz Rios]

[FBIS Translated Text] After forecasting another macrodevaluation of the peso for 1997, which "could be similar to that of December 1994," as well as unexpected political events and other "surprises" for this year, Jonathan Heat, economic consultant at the National Institute of Finance Executives (INEF), has

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pointed out that the Zedillo government has not corrected the structural deficiencies that led this country into a crisis.

Heat told INEF members yesterday that nothing is being done to prevent another devaluation from taking place next year.

In Heat's opinion, devaluations are determined by political events rather than by economic conditions, and 1997 presents a favorable scenario to devalue the peso against the dollar. The government, however, is doing nothing to undo these conditions.

Almost all of the country's problems are either rooted in or end up with political risk. For instance, devaluation is correlated to political problems, and the crisis is correlated to the political agenda. This situation has been left unattended.

Heat added that some recovery is expected but that "it will not benefit all sectors or most people." This recovery will only be observed in statistical figures but not in pocketbooks.

Heat stated that the government has changed its economic parameters because in order to sustain a recovery, the government compares one month's results with those of the preceding month and not with those of the same month of a year earlier. This is the only way to support its argument of a recovery.

According to Heat, 1996 is expected to be a difficult year for the economy but more so politically. In addition, unexpected events might occur or more shady information might come to light affecting government officials and prominent businessmen.

Consequently, periods of economic instability, a maximum 2- or 3-percent economic growth, and a 30-percent inflation might be expected for this year.

Therefore, purchasing power and financing will grow very little because there will not be as many domestic and foreign savings as in previous years.

Above all, Heat added, foreign capitals will not flow into the country as previously; unfortunately, the Mexican economy basically depends — whether we like it or not — upon these resources to stimulate growth.

Consequently, the recovery will absolutely be of a statistical nature and will not be passed on to Mexican families. In fact, most people believe that there will be no recovery this year.

According to Heat, the acute banking crisis — which began before the macrodevaluation of late 1994, worsened after the crisis, and is very profound and extensive — is one of the country's largest problems.

The banking crisis has not touched bottom. The fiscal cost of saving this sector represents 5 percent of the GDP, but it could increase up to 12 percent because the country's two main banks are facing financial problems.

Mexican PRI Electoral Reforms Proposals Detailed

PA0602170696 Mexico City REFORMA in Spanish 2 Feb 96

[Report by Guadalupe Irizar — received via Internet]

[FBIS Translated Text] The PRI [Institutional Revolutionary Party] proposal for the upcoming electoral reform maintains current mechanisms for the IFE [Federal Electoral Institute] authorities' appointment, makes no reference to the Executive Branch's situation at the Electoral Council, and proposes that the number of citizens' councilmen in the IFE increases from six to 10 and that they be called "electoral councilmen."

In the document, titled "PRI Proposal for the Electoral Reform Agenda" and dated 30 January, submitted to the Government Secretariat, PRI members also stated they advocate keeping the qualification of the presidential election in the Chamber of Deputies set up as an Electoral Commission.

In the chapter dealing with conditions of access to the media, the PRI suggests approaching the issue of "relations between equity and political freedom of journalists and owners" but fails to make a specific proposal.

It advocates not changing the current legislation that regulates political parties' expenses in the printed and electronic media and proposes analyzing the possibility of opening a television channel and radio station under the Congress of the Union's control.

Regarding the financing of political parties, it proposes giving priority to treasury sources and, within these, replace allocations authorized per electoral activity with a subsidy for the parties' current expenditures. It also suggests abolishing anonymous private contributions.

The PRI members propose in their document "rendering flexible" the legislation dealing with the creation of political coalitions but maintaining the current legislation on common candidacies and independent candidacies (the latter are not allowed right now).

Even though the PRI supports the inclusion of the legislative referendum at federal level, upon request from at least 10 percent of the citizens on the electoral list, it opposes a plebiscite and endorses setting up the figure of a "popular initiative."

It rejects the vote of Mexicans living abroad and the restriction regarding the use of national colors.

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Mexican Industrialists Announce New Sugar Market Trust

PA0602172496 Mexico City XEW Television Network in Spanish 0400 GMT 2 Feb 96

[From the "24 Hours" newscast]

[FBIS Translated Excerpt] Sugar industrialists have said that keeping the sweetener's price floating will be beneficial.

At a news conference, sugar industrialists announced that, starting on 1 February, there will be a new trust for the Forma sugar's market. Beginning this day, the sugar buying and selling operations of Mexico's 64 sugar mills will be regulated by the trust's rules of operation. Trust Director Eduardo McGregor affirmed that this new system to commercialize sugar will not become a sugar monopoly and that it will not replace Azucar, Inc. He spoke about the general objective of guaranteeing the domestic supply of sugar and showing its real price:

[Begin McGregor recording] It will guarantee a sufficient volume of supply throughout the year directly from producers to wholesalers. It will supply sugar domestically at competitive prices, thus avoiding disloyal middlemen. [end recording]

McGregor added that the price of sugarcane will be set through the Forma Trust.

In pointing out that the public price of one kilogram of standard sugar is 3.50 pesos and that the price of one kilogram of refined sugar is 3.80 pesos, Rodolfo Perdomo, National Sugar Industry Chamber [Camara Nacional de la Industria Azucarera] president, asserted that, in the first half of February, the price of one kilogram of standard and refined sugar will increase by 5 to 7 percent. He also said that, starting in March until December, these prices will increase by 3 percent a month; that is, they will have a 10 cent monthly increase:

[Begin Perdomo recording] Even though the fact that the prices on sugar are increasing is extraordinary news, it seems to be the reason for the country's problems. Just because sugar prices went up, Mexico is over. No, not at all; sugar is part of our products. We have to be responsible. Just because 2.5 million Mexicans in the countryside and the rural sector live off the sugar industry and just because it employs 27,000 workers, there are many other basic industries that [words indistinct]. We have to consider its domestic significance. [end recording] [passage omitted]

Mexican Soldiers Evict Occupants of Pemex Installations

PA0602181296 Mexico City Radio Red Network in Spanish 0000 GMT 3 Feb 96

[Report by Dolores Gutierrez, in Villahermosa, Tabasco, and Gloria Hernandez, at the Government Secretariat, in Mexico City; from the "Night Monitor" newscast]

[FBIS Translated Text] [Gutierrez] Hundreds of militants and supporters of the Party of the Democratic Revolution [PRD] right now are heading for Huatacalca, Nacajuca, where early on 2 February heavily armed soldiers, federal policemen, federal highway patrolmen, and state policemen broke up with water—loaded tanks owned not by Mexican Petroleum [Pemex] but by an unidentified private entity the barricades PRD militants had erected in Huatacalca arguing that they had to give maintenance service to the Sen oil field. Tabasco Governor Roberto Madrazo Pintado declared in Villahermosa that the raid was carried out with the authorization of the Office of the Attorney General of the Republic [PGR]; even so, the PGR delegate was surprised when he was informed that federal judicial policemen had participated in that action.

Madrazo Pintado has reported that the Pemex installations are again under the control of Pemex; however, this is not true because the roads that lead to the Sen field have been retaken by PRD supporters.

The governor said that the people participating in the barricades are not from the area:

[Begin Madrazo recording] We have discovered, based on documents delivered to the proper authorities, that the persons involved in barricades in the communities are people who have come from other areas, who do not belong to the community, and it was not the communities who decided to erect these barricades. So we have decided to ask the authorities to lift the barricades immediately so that programs that benefit the communities may be reinitiated.

This is what has been done. In Samaria field, action is being taken on a request from Pemex and the PGR.

The public forces are acting on a request from the PGR to satisfy urgent pleas from Pemex. [end recording]

However, as the governor was saying this, Tabasco peasants from Huatacalca and Oxiacaque denounced that during the operation they were beaten by state policemen:

[Begin unidentified speaker recording] They grabbed a woman here and threw her down and kicked her. They kicked us. A man was beaten with a big stick. There

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is the big stick they used. Madrazo has stuck his big foot in here. Now he has to leave. He has to leave! [end recording]

Due to this action, which the PRD has characterized as an error by Madrazo, this political party withdrew from the negotiations with Pemex, which should have been renewed today in the capital, with the mediation of the Government Secretariat.

There will be a public assembly in Huatacalca between 1500 and 1600. It will be presided over by Andres Manuel Lopez, former candidate for governor of Tabasco State for the PRD. It has been said he will be accompanied by several federal PRD senators and deputies.

While the operation to reach the Sen oil field was on, federal and state policemen in the area tried to block a live broadcast of what was happening. Using cellular communication, the local XEDA radio station transmitted the information. Four helicopters flew over the broadcast area in circles to block the information being broadcast, but the operation failed and the transmission went on.

There are 51 wells roadblocked. None is in the hands of Pemex.

[Hernandez] Government Under Secretary Arturo Nunez has reported that removals of PRD sympathizers and militants from installations they have blocked are taking place according to the law and without any regrettable incident. Nunez said that his office is analyzing with Pemex complaints from area landowners who say they are being negatively affected by the activities of the parastate institution. Nunez said indemnities will be paid to the people entitled to them.

He said that an effort is being made to maintain negotiations with dissatisfied people:

[Begin Nunez recording] Blocking oil installations threatens production in a region destined to supply energy at the national level. When this goes on for a few days and wells are not given maintenance, then installations that are of strategic importance for the country's life are threatened. Therefore, it is necessary to facilitate the access of Pemex officials and technicians responsible for maintenance work. Fortunately, the removals have been made without incident. [end recording]

Nunez said that a study is being made based on complaints of the barricade people to determine if their demands are valid. Andres Manuel Lopez canceled a meeting he was to hold with Nunez at the Government Secretariat today and told him that he will take charge of the situation in Tabasco.

Mexico: Civil Society Reform Role Defended

96CA0112A Mexico City LA JORNADA in Spanish 31 Jan 96

[Commentary by Sergio Aguayo Quezada, president of the Mexican Human Rights Academy: "The Mysteries of the Castle" — received via Internet]

[FBIS Translated Text] Chapultepec Castle is full of history, legend, and mystery. Few places are as well suited to drafting a document that could make history and that for the time being poses two enigmas for us.

Mexican elections are held under conditions that do not guarantee freedom, impartiality, or reliability. This is why changes have been made in electoral legislation for several decades now, changes that soon prove inadequate.

After the 1994 presidential elections, Santiago Creel Miranda and Jose Agustin Ortiz Pinchetti, citizen counselors of the Federal Electoral Institute, and alternate counselor Jaime Gonzalez Graff organized a seminar that met weekly throughout 1995 to draft a proposal for electoral reform.

They were not motivated by a desire to gather together and vie with each other in the brilliance of their arguments. Elections are an issue that has been worked over and discussed so much in recent years that few novelties are possible.

The three citizens were interested in developing politically viable ideas and proposals, which means that they had to be acceptable to the parties. Every week distinguished experts and members of the four parties represented in Congress, PAN [National Action Party], PRD [Party of the Democratic Revolution], PRI [Institutional Revolutionary Party], and PT [Labor Party], came to the castle. They all spoke on their own behalf but, at the same time, served as conduits for what was being said there. As a result, an intellectual and political approach was made at the castle toward definitive electoral reform, the sought after, yet elusive goal.

Thousands of hours were spent drawing up a list of 60 proposals for true electoral reform, which if approved in 1996 and implemented in the July 1997 federal elections would put us on the road to a real transition. To secure the process, the counselors held lengthy meetings with the presidents of the three parties: Carlos Castillo Peraza, Porfirio Munoz Ledo, and Santiago Onate. They made great progress because the PRI leader had already accepted 59 of the 60 accords. Having gone that far,

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PRI decided to pull back and raise general and specific reservations about what had been accomplished.

The motives and purposes of the PRI pullback are not known. The most ominous possibility is that they decided to step back from the president's pledge to support electoral reform. Another, more optimistic school of thought says that PRI and the administration were bothered by the fact that the citizen counselors might reap the laurels for being the architects of a consensus, when their orthodox view is that the great achievements of the republic must always derive from gracious concessions by the "great giver."

This is one of the great mysteries of the castle, but light will be shed on it over the next few weeks because the dialogue between the Interior Secretariat and the parties has resumed. Let us hope that it amounts to nothing more than jealousy, and that we get a definitive pact. Regardless of what happens, the gains or the setbacks will be gauged by the 60 accords at the castle, which represent the ideal of true reform.

The second mystery of the castle derives from the former one and revolves around a different question: What is the function of Mexican citizens in national politics? Politicians often find their voices getting stuck in their throats when they talk about the "citizens," whom they swear they hold in their hearts and minds. They claim to be in politics because they want to serve the "citizenry," whom they invite to participate in public life, and when there is a heavy turnout for an election there is talk of a "civic festivity" and there are celebrations with dancing and floral arrangements (metaphorical ones, of course).

In the 1994 elections, Federico Reyes Heroles interviewed the presidential hopefuls ("Fifty Questions for the Candidates," published by Fondo de Cultura Economica), and they all had praise for citizen involvement. The winner of the election, Ernesto Zedillo, pledged to "expand the channels of participation" for nongovernment organizations [NGO's] in "defining and implementing public policies."

In spite of such praise, when the time for action comes, as in the case of the 60 accords, enthusiasm often cools and in some cases aggressiveness even emerges. A segment of the PAN leadership has been distinguishing itself in such activities.

When Reyes Heroles asked Diego Fernandez de Cevallos for his opinion of citizen movements, the candidate lashed out at the "idolatry of so-called 'civil society,' which those who harbor hidden political desires or merely a desire to be in the limelight claim to represent." His anger stemmed from his feeling that citizen movements were being used as a pretext to "discredit authentic political parties like mine, something that I do not accept."

This concern, which other politicians share, is hard to justify because neither the citizen movements nor the NGO's are seeking to displace, destroy, or discredit the parties. To cite one of the most recent examples, of the 60 accords that came out of the castle seminar (accords that enjoy broad support in organized "civil society") only four have to do explicitly with citizen involvement, while the rest center on parties or government.

In spite of such obvious examples, the president of PAN, Carlos Castillo Peraza, lashed out last week at that "lady called 'civil' society: no one knows where she lives or what political responsibilities she is willing to assume."

The accords at the castle, spurred by citizen counselors who symbolize civic organizations, confirm that there is a lady called civil society in Mexico, whose face and address are public knowledge, and who is capable of taking responsibility for spurring an electoral reform that political parties like PAN have so far been incapable of achieving. There is no mystery about this.

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El Salvador

Salvadorn Daily on U.S. Military Exercise Fuertes Caminos

PA0602154196 San Salvador EL DIARIO DE HOY in Spanish 2 Feb 96 p 5

[Report by Grace Correa]

[FBIS Translated Text] It has been officially learned that at least 550 members of the Joint Construction Forces of the U.S. Southern Command will arrive in El Salvador to conduct a joint engineering and medical training military exercise. This is nothing more than the resumption of the Fuertes Caminos 1996 joint military aid program that will take place from 16 January to 31 March.

U.S. military engineers and medical personnel will participate in this exercise along with Salvadoran engineers and volunteers who will carry out activities in the areas of engineering, medical services, and the drilling of wells in eight communities of the departments of Morazan and La Union for the benefit of 40,000 residents in the area, Lieutenant Colonel James Koch, commander of the battalion, said yesterday.

"The work on the roads will improve vehicle traffic, facilitate the transportation of crops to the market and the purchase of school, domestic, and agricultural supplies, and reduce isolation, thus promoting the development of the community," he said.

The construction work to be carried out at the schools includes classrooms, administrative offices, storage rooms, and bathrooms, he added.

Planned for Fuertes Caminos 1996, he explained, are the construction of four schools, the drilling of two wells in Morazan and La Union, respectively, as well as the repairing of several roads, two medical alert exercises, and the offering of medical and basic dental services to the residents of the selected communities.

Salvadoran and U.S. medical personnel will jointly provide medical services during two trips that will last several days, he said.

Fuertes Caminos 1996 is comprised by 550 members who have backgrounds in such areas as heavy labor, medicine, communications, and engineering, among others.

Seventeen military units from the United States and Panama will also participate. "These military units were designated the Joint Construction Task Force, because their target is to build the future of El Salvador," he said.

The U.S. troops will set up the installations at Military Detachment No. 3 headquartered in La Union, from where they will travel every day to their work places.

The total cost of Fuertes Caminos 1996 amounts to approximately $9 million, including the services and construction materials to be used during the exercises. Most of these materials and services will be purchased from the local market.

Koch said he is pleased and proud to return to El Salvador again to conduct an engineering exercise such as Fuertes Caminos 1996. "We are glad to be able to contribute to the development of a friendly country, as we have over the past three years."

Salvadoran Envoy Satisfied With U.S. Asylum Requests

PA0602181196 San Salvador EL DIARIO DE HOY in Spanish 2 Feb 96 p 3

[FBIS Translated Excerpt] The Salvadoran Embassy in Washington voiced "satisfaction" over the massive application by Salvadorans to receive asylum in the United States but warned that those who failed to do the paperwork would face the risk of deportation starting in May.

The deadline given by the U.S. Government to thousands of Salvadorans living in that country to apply for political asylum under the protection of the American Baptist Church (ABC) program ended on 31 January.

Ambassador Ana Cristina Sol told EL DIARIO DE HOY that up to 16 January, 123,856 Salvadorans had registered under the ABC. The official explained that the number of Salvadorans who were left out of the program has not been established, although she seemed optimistic.

She added that 178,000 people registered initially under the temporary work program TPS [Temporary Protection Status] granted by the Bush administration to Salvadoran and Nicaraguans in 1991. The DED [Deferred Forced Repatriation] began in 1993, when the TPS expired. Only 96,000 Salvadorans applied for this latter program.

According to the diplomat, although some did not apply out of fear or neglect, a high percentage did not because they had legalized their situation already either through marriage or by receiving residency status either after being called by a relative or getting a work permit.

On 15 January, almost 124,000 Salvadorans had applied for the ABC, which means that a high percentage of the 178,000 persons who had been initially favored by the previous programs have taken advantage of the ABC.

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Illegal Status

The ambassador warned that Salvadorans who did not register in the ABC program will have an illegal status and be subject to U.S. immigration laws within three months, starting in May when the grace period granted by the Bush administration ends.

She explained that the work permit was extended for three more months to allow anyone to file the paperwork within the program, but that last extension will expire in April. Since many grace periods have been granted to Salvadorans to normalize their situation, the diplomat is doubtful that there will be new extensions of the programs.

The official asked these people to come to the diplomatic mission to receive information on other options, such as filing requests to suspend deportations, most of all in the cases of those who have lived more than seven years in the United States, have not had problems with the law, and could show that their return to El Salvador could put their lives in jeopardy.

She added that she hopes that in the future the United States will help with the legalization of more Salvadoran citizens. [passage omitted]

Guatemala

Guatemala's URNG Promises Exact Mine Placement Control

PA0602163496 Guatemala City PRENSA LIBRE in Spanish 2 Feb 96 p 2

[FBIS Translated Text] Jaime Esponde, chief, Verification Unit of the UN Mission for Guatemala, Minugua, announced yesterday that the Guatemalan National Revolutionary Unity, URNG, has promised Minugua that they will establish an exact control and records of the sites where mines have been laid, especially in areas of internal armed conflict, and to restrict them to small areas strictly required for operational needs.

On 29 January, a Minugua delegation headed by Dr. Leonardo Franco met with the guerrilla commanders in Mexico City to discuss, among other topics, the current concern among the international community for the damage caused to the civilian population because of the use of these explosive artifacts in the URNG's struggle against the Army.

According to Esponde, who offered a news conference in the Minugua offices, the guerrilla commanders supplied Franco with a preliminary report on the mined areas and expressed their resolve to establish control of them.

Promises Made

Among other things, the guerrillas promised to place these explosive devices only permanently in small areas, which in their judgment are required for operational needs. *This information will be supplied to Minugua so it can publicly divulge and mark those sites.*

Likewise, mines placed in areas of conflict will be collected and defused by the URNG when there is no longer an operational need. Nevertheless, in the event they are unable to do so, the URNG will inform Minugua in order to mark and finally collect or defuse them.

The guerrillas will inform Minugua of those areas in which abandoned explosive devices may be found and that are not of operating interest, which will be defused, specifically in areas where it has access to.

Minugua informed the Army about these promises, it will verify compliance with them and pass on all information on the subject to the organizations tasked with enforcing Decree 60-95, reference to reducing the risk of inhabitants in areas affected by the armed confrontation.

In previous meetings Minugua recommended to the URNG the establishment of a restrictive policy for the use of mines or other types of war artifacts, in order to limit their use to strictly operational needs, Esponde recalled.

Guatemalan Minister on Peace Process, Media Coverage

PA0602170496 Guatemala City Teleonce Television in Spanish 0100 GMT 2 Feb 96

[From the "Telepress Newscast"]

[FBIS Translated Text] Foreign Minister Eduardo Stein has indicated government officials will abstain from giving statements on the dialogue with the URNG [Guatemalan National Revolutionary Unity] until the government's Peace Commission [COPAZ] is comprised:

[Begin Stein recording] I appeal, on behalf of our government, to the patriotism and civic responsibility of all the officials and professionals who are linked with the media, so this extremely important and critical topic for Guatemala and the region, meaning the peace process, is treated with the greatest care and responsibility possible. I wanted to begin with this because the situation we are involved in and the efforts that have been exerted by the government with great caution and discretion to return to the dialogue, necessarily call for absolutely discreet behavior. That is why on certain occasions it

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has been absolutely necessary to refuse to comment on certain issues or to answer some of your questions. We are fully aware of Guatemalan and international interest in this topic but, precisely because it is so critical and because we are — in our opinion — so close to resuming the dialogue, we prefer that no further statements be given in this concern from now on, until the COPAZ is comprised. I recently issued some statements, with the spontaneity that this office has always tried to treat you, and they led to confusion or misunderstandings, perhaps even to erroneous conclusions. That is why we have decided not to give statements until COPAZ is comprised, to prevent anything from disrupting the critical balance of the private channels that are being used to resume the dialogue. [end recording]

Guatemala: Officials Deny Division in Military

San Jose LA NACION in Spanish 27 Jan 96

[Received via Internet]

[FBIS Summary] Guatemala, 27 Jan (ACAN-EFE)— Yesterday, the Guatemalan Army denied the existence of division in its ranks and minimized the importance of accusations made against many military officials. On Thursday, a six-page document was distributed accusing 53 military chiefs of various ranks of participating in political crimes, car thefts, and drug trafficking, among other crimes, and threatening to execute them.

Guatemalan Defense Minister General Julio Balconi attributes the document to a "destabilizing group" that is trying to cause problems for the government and the country. Balconi said everything is "normal" in the Armed Forces and there are "no problems." Nevertheless, given the seriousness of the accusations, Balconi has challenged the accusers to present their evidence. The document details at least 15 criminal cases and labels the five general who participated in the peace negotiations with the guerrillas as "traitors" to the country and Army. Among those named as having dishonored the Army are 19 generals, 13 colonels, eight lieutenant colonels, and 13 majors.

Colonel Guillermo Caal, head of the Information and Press Department of the Army, has also dismissed the accusations, but emphasized that the Army will not protect criminals. Despite these military leaders' assurances, rumors of "tension" within the ranks of the Guatemalan military persist. Also on Thursday, General Luis Felipe Miranda Trejo warned, as he resigned his post as commander of the "Mariscal Zavala" Military Brigade, of an eventual break in the military's hierarchy.

Honduras

Honduran President Cited on State's Use of Force

PA0602171196 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 2 Feb 96 p A4

[FBIS Translated Text] Tegucigalpa — President Carlos Roberto Reina has commented on the Tacamiche case and has said his government has to use the force authorized by law to ensure the legal security of a state of law.

"I have explained a thousand times that Honduras is a state of law, and this implies the use of force" when the circumstances so demand it, he added.

After security forces, which comprised Army and police personnel, started complying with the arrest warrants issued by courts against several residents of the Tacamiche area, the president said he regretted the situation and was concerned that an incident could arise, "but there was no other solution."

Nonobservance of the law leads to ungovernability, and this ungovernability leads to attacks against democracy, the president stressed.

"Nonobservance creates chaos and, what is most dangerous, furthers contempt of authority, and this attack is one against democracy," he has said.

Work Was Done Humanely

The Tacamiche case took a year to resolve because the work done to resolve the problem of the former Tela Railroad Company workers was done humanely. The workers seized several plots of land more than a year ago and refused to be transferred elsewhere.

The government formed several negotiating commissions to try to resolve the problem, but its efforts were fruitless. The last negotiating council was headed by Jorge Arturo Reina, the president's special adviser, who presented the government's final proposal, but the Tacamiche residents rejected it.

The government's proposal was to transfer the former employees to San Manuel Cortes and give each family 5,000 lempiras and build them a house provided with water, electricity, and sewage systems, but the Tacamiche residents rejected the proposal and "because no more could be offered, we decided to carry out the arrest and eviction orders," Reina has said.

Reina has reiterated that the law will be implemented humanely but firmly so people do not say "his government is a slow one that does not keep the laws."

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Honduran Chief Says Armed Forces To Defend Fishermen

PA0602214996 San Pedro Sula TIEMPO in Spanish 3 Feb 96 p 3

[Report by Daniel Serrano]

[FBIS Translated Text] Honduran Armed Forces Chief General Mario Hung Pacheco said yesterday that as its constitutional duty, the Armed Forces will defend any Honduran fisherman who is attacked within the country's maritime borders by the Nicaraguan Naval Force.

In light of the question: If Hondurans are attacked by the Nicaraguan Naval Force, will you defend them? Hung Pacheco answered: "Doubting is evil, and in this case, there is no doubt. It is our duty, and we will do it."

"The Constitution is categorical, it gives us a role, and we will comply with what is clearly stipulated in the Constitution," he added.

However, he explained that currently, the Armed Forces are only making recommendations to the Foreign Ministry to find the best solution to the border problem, since "two heads think better than one."

Regarding the evacuation of the peasants in Tacamiche, he stressed that the most important aspect of this case is that despite the large number of officers and soldiers who are conducting the operation, "not one single person has been beat up, and no deaths or bloodshed has been registered."

Hung Pacheco said that such a large number of officers was assigned to the operation because they have a better capacity to react positively to any situation.

"As responsible people, we decided to assign the largest possible number of people to preclude any mishap, and let us thank God that nothing happened," he noted.

Meanwhile, he chose not to refer to the budget problems being faced by the military institution to comply with the voluntary and educational military service.

"I will not discuss this subject until we submit a report to Congress and the president. On Wednesday, we will hold a coordinating [afinamiento] meeting with the commission that drafted the law on the voluntary and educational military service," he indicated.

Honduran Minister Says 'No More Economic Adjustments'

PA0602224696 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 1 Feb 96

[Report by Giovanni Garcia; from the economic segment of "The Morning Paper" newscast]

[FBIS Translated Text] Planning Minister Guillermo Molina Chocano has said that there will be no more economic adjustments, and that the government will reduce poverty through well-coordinated programs for the most needy. He added that the government is trying to achieve sustained growth in order to accomplish its social development goals.

Nicaragua

Nicaragua Rejects Honduran Position on Border Strife

PA0702005596 Managua EL NUEVO DIARIO in Spanish 4 Feb 96 p 8

[FBIS Translated Text] Foreign Relations Ministry sources have rejected the violent position Honduran Armed Forces Chief General Mario Hung has taken regarding the border conflict with Nicaragua. He said that he will resort to force if Nicaraguan naval units capture illegal fishermen from his country.

Commissions from the two countries have met a couple of times to try to reach an agreement on a border conflict that is making the two nations face one another at the broken table of negotiations.

Nicaragua has captured Honduran fishermen that were fishing in waters located in parallel 15, which the Managua Government considers to be as part of the Nicaraguan maritime territory. Throughout the entire current century, Nicaraguan authorities have watched their sovereignty over the waters located between parallels 15 and 17. This is why Nicaragua had to capture Honduran fishermen who were fishing illegally in this area.

There Are No Agreements Yet

Due to these incidents, which almost led to a naval conflict earlier in the year, the governments of the two countries appointed negotiating commissions, which first met in Managua and in Tegucigalpa, Honduras.

The Honduras meeting was aborted apparently by Armed Forces Chief Hung, because the Honduran delegation suddenly withdrew its proposal on 31 January. The Nicaraguan position agreed with certain issues of the Honduran proposal, through which a provisional

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delimitation area that would not adversely affect the two countries' interests had to be created while the problem was being ventilated.

Conflict Must Be Peacefully Resolved

The Foreign Ministry maintained that the conflict must be peacefully resolved through negotiations. Nicaragua still believes that there is room for this, and its position is deemed flexible, even though it defends its national sovereignty over the waters located between parallels 15 and 17 of the maritime borders in the Caribbean Sea. The two nations have yet to demarcate this region.

Cuadra Says Results Were Not As Expected

National Army Chief General Joaquin Cuadra recently said that Nicaragua will keep its negotiating position, even though "unfortunately the results were not as expected." He affirmed that unfortunately the Nicaraguan and Honduran commissions were unable to meet halfway. He added, however, that they will continue to talk.

In January, Gen. Cuadra pointed out that Nicaragua would defend its sovereignty if its naval units are attacked as they capture pirates or illegal fishermen in Nicaraguan waters.

Nicaragua's FSLN Demands Release of Arrested Students

PA0602183196 Managua BARRICADA in Spanish 2 Feb 96 pp 1, 12

[FBIS Translated Text] In light of recent incidents that took place at the Foreign Ministry related to the struggle against the six percent [as published], the National Directorate of the Sandinist National Liberation Front (FSLN) states the following:

1. As the FSLN has said before, the country needs a peaceful climate in view of the upcoming visit of His Holiness John Paul II. The main responsibility for maintaining harmony, tolerance, and serenity rests with the government. Social forces should continue seeking dialogue, without abandoning their just demands.

2. The arrest of more than 100 students who had occupied the Foreign Ministry's facilities was an unprecedented reaction that does not contribute to creating the climate that the current circumstances require.

3. Therefore, we demand the immediate release of all the arrested students. At the same time, we reject the government using the police as an instrument of repression.

4. Finally, we reiterate our call to the government, which has refused to negotiate, as well as to the social forces, to resort to dialogue as the only sensible way to resolve the problems affecting the country.

[Dated] Managua, 31 January 1996

[Signed] FSLN National Directorate

Nicaragua: Agreement Reached on Caribbe Fishing Zone

96CA0110A San Jose LA NACION in Spanish 24 Jan 96

[Received via Internet]

[FBIS Translated Text] Nicaragua (ACAN-EFE)—The Governments of Nicaragua and Honduras have agreed to create a provisional common fishing zone in the Caribbean Sea, to prevent further maritime incidents such as those that have been threatening to strain relations between the two countries during recent months.

Representatives of Honduras and Nicaragua serving on one of the binational technical subcommittees on maritime demarcation affairs concluded a meeting in Managua last night at which the main topic was the creation of an open zone in the Caribbean.

Pedro Pineda Madriz, chief of the Honduran delegation that held talks with its Nicaraguan counterpart for nearly 10 hours, declared: "This could be claimed as a definitive achievement. To be sure, it is incomplete, because the problems are highly sensitive, but the open zone has been agreed upon."

Pineda Madriz explained that, on Monday, no accords were reached on the extent of the open zone, although the Nicaraguan representative, Mauricio Herdocia, noted that they proposed that its location be north of parallel 15, extending as far as parallel 17.

Nicaragua claims parallel 17 as its boundary in the Caribbean Sea, whereas Honduras argues that parallel 15 marks its maritime border.

On various occasions, Honduran fishing vessels have been captured by Nicaraguan naval patrols between parallels 15 and 17, the waters of which Nicaragua considers its own, because they supposedly were operating illegally.

Both officials confirmed the fact that another meeting will be held on 31 January, possibly in Tegucigalpa, capital of Honduras, to continue "studying in depth" the terms, the duration period, and the "boundaries" of the special common fishing zone in the area being disputed.

In the opinion of attorney Pineda Madriz, with the open zone created and the boundaries specified in the Caribbean Sea, "there will be no more incidents" such as

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those staged last December, when about 100 Honduran fishermen were captured by Nicaraguan patrols, for allegedly operating illegally in that latter country's waters.

That Nicaraguan military action evoked angry reactions from the chief of the Honduran Naval Force, General Bruno Fontana, who threatened to use force in the event of further incidents in the Caribbean.

Nevertheless, last weekend, the Honduran Armed Forces condemned General Fontana's warning, which was described at the time as "improper" by the Nicaraguan foreign affairs minister, Ernesto Leal.

The Nicaraguan Foreign Ministry's legal adviser, Mauricio Herdocia, who participated in last Monday's meeting, told ACAN-EFE that the establishment of that common fishing zone "will help us" to avoid further incidents "while we carry out" the demarcation of the border in the Caribbean Sea.

Herdocia reiterated that the creation of that zone "does not impair" Nicaragua's sovereignty rights, explaining that it will be temporary in nature, and will allow fishing by vessels of both countries in areas not yet demarcated.

The Nicaraguan legal adviser gave a reminder that the United Nations Convention on the Law of the Sea stipulates that states may "engage in" concluding provisional accords to prevent border incidents while definitive treaties "are being negotiated" on the demarcation of their maritime waters and spaces.

The chiefs of both countries' delegations agreed in citing the cordial atmosphere in which the first round of talks, which ended last Monday night, had taken place.

It is anticipated that, at the meeting on 31 January, possibly to be held in Tegucigalpa, the provisional accord for the establishment of that common fishing zone between parallels 15 and 17 of the Caribbean Sea will be drafted and signed.

Nicaragua: Army To Protect Pope During Visit

96CA0110B San Jose LA NACION in Spanish 23 Jan 96

[Received via Internet]

[FBIS Translated Text] Nicaragua (ACAN-EFE)—Yesterday, the chief of the Nicaraguan Army, General Joaquin Cuadra Lacayo, declared that the Armed Forces of Nicaragua "as a whole" will participate in all the security measures intended to guarantee public order during the forthcoming visit of Pope John Paul II.

The pontiff will remain in Nicaragua approximately 10 hours on 7 February, for his second visit to this Central American country.

On the day of the pope's arrival, Nicaraguan air space will be closed, and the plane on which the pontiff is traveling will be under constant surveillance by military radar.

Cuadra Lacayo explained that the Army's troops and task forces will, as they have for the past few weeks, continue to cooperate with the police in maintaining public order, and in protecting the pope as well.

He added: "We have involved considerable human and material resources in all this, including many specialist personnel, such as combat engineers and experts in the battle against explosives."

The military chief noted that, during the pope's visit, the Army will intensify the surveillance at all border points, and not only in areas through which John Paul II will travel.

In statements made upon the conclusion of a course, General Cuadra Lacayo declared: "Without fear of error, we can claim that the entire Army is involved in protecting His Holiness."

Nicaragua: Pope's Visit — Border Restrictions Eased

96CA0110C San Jose LA NACION in Spanish 20 Jan 96

[Received via Internet]

[FBIS Translated Text] Managua (ACAN-EFE)—Yesterday, the Nicaraguan Government announced a series of immigration facilities that will enable Central Americans to enter the country during the visit to be paid by Pope John Paul II on 7 February.

The Nicaraguan Ministry of Foreign Affairs reported that, on 6, 7, and 8 February, the time schedule for service to the public at the El Guasaule, El Espino, and Las Manos border stations, in the north, will be extended.

At the Sapoa border station, in the southern part of the country, the service to the public, as in the north, will begin at 0005 hours local time (0650 GMT), and will end at 2100 hours (0300 GMT).

The source added that, at all border stations, special teams will be set up for service and speedy processing in the immigration office and the customs and traffic departments.

To enter Nicaragua during those days, Central Americans, except for those from Guatemala, El Salvador,

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and Honduras, Group C-4 member nations, will only be required to carry their current passport and to purchase a tourist card at the border stations.

As for Nicaraguans coming from Central American countries, they will be required to present their passport or a pass issued at that country's consulates abroad.

The official source announced that, on 7 February, the national air space will remain closed between 0000 hours local time (0600 GMT) and 2100 hours (0300 GMT).

Moreover, the government has ordered a holiday with pay on 7 February to enable Nicaraguan Catholics to attend the celebration of the Eucharist, at which the Holy Father will preside, on Malecon Square in Managua.

Nicaragua: Lacayo To Visit Taiwan

96CA0110D San Jose LA NACION in Spanish 20 Jan 96

[Received via Internet]

[FBIS Translated Text] Managua (ACAN-EFE)—Nicaragua's ex-Minister of the Presidency, Antonio Lacayo, son-in-law of President Violeta Chamorro, will travel today, Saturday, to Taiwan. His purpose, among other things, is to request Taipei's "decided support" for the new Nicaraguan Government to be elected next October.

According to the electoral law recently passed in the National Assembly, the general elections in Nicaragua will be held on 20 October of this year.

Lacayo, who recently was proclaimed candidate for the presidency by his party, "National Project," despite the constitutional impediments facing him because of his kinship with Chamorro, plans to meet with the Taiwanese president, Lee Teng-Hui, and with that country's prime minister, Lien Chan.

Yesterday, Friday, a spokesman for "National Project" reported that Lacayo will express to the Taiwanese authorities his desire for that Asian country to promote livestock development in Nicaragua, by granting a special development fund.

The ex-Nicaraguan minister and current presidential candidate also will hold a series of meetings with Taiwanese business owners who have been investing in this Central American country for the past several years.

According to official sources, this year approximately 1,600 Taiwanese business owners interested in investing in the manufacturing, tourism, and construction areas will visit Nicaragua.

Nicaragua: Aleman To Continue Presidential Campaign

96CA0110E San Jose LA NACION in Spanish 26 Jan 96

[Received via Internet]

[FBIS Translated Text] Nicaragua (ACAN-EFE)—The rightwing candidate, Arnoldo Aleman, who emerged unharmed yesterday from an armed attack by unknown individuals in northern Nicaragua, which left one person dead and two others injured, called for clearheadedness, asserting that he will continue his political campaign seeking the presidency of the nation.

In his first statements to the press after the ambush set up by 10 armed men, of unknown affiliation, Aleman declared: "Our spirit is always strong on behalf of Nicaragua; this will not discourage us. We shall continue ahead, because we have always said that we want a change without violence."

The police director, Brigadier Commander Fernando Caldera, confirmed the fact that one agent was killed and two other persons wounded, during the ambush set for the eight-vehicle convoy on which Aleman, ex-mayor of Managua and prominent anti-Sandinist leader, was being driven to a village in northern Nicaragua.

From the northern village of Quilali, to which he was taken after the armed attack, the Liberal Alliance's presidential candidate, in telephone statements to Managua's "Corporacion" radio station, issued an appeal for clearheadedness. He called for "an endeavor to make the elections a civic celebration, not marred by grief and mourning." Aleman emphasized: "Thank God we are all right," after having remarked that, in the Las Segovias mountains (northern Nicaragua), "there are many hotheads who are maintaining the destabilization" in the region.

According to local press sources, the policeman Gerardo Loasiga was killed, and the Liberal leader, Heriberto Gadea, as well as Aleman's personal bodyguard, identified as Antonio Cruz, were wounded in the ambush. It occurred at 1045 hours local time (1645 GMT), this Thursday, in the section of the department of Jinotega known as El Jovo.

At a press conference, Caldera announced that a Nicaraguan Air Force helicopter was to be sent to the village of Quilali, in the northern part of the country, to bring to Managua, capital of Nicaragua, the group of Liberal politicians who were attacked "by the armed gang." Nicaraguan political leaders condemned the attack on Aleman who, according to the polls, is the

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favorite for winning the presidency in the elections to be held on 20 November of this year.

Panama

Panama Authorizes U.S. Military Exercises Request

PA0602181496 Panama City LA PRENSA in Spanish 4 Feb 96 p 1A

[FBIS Translated Text] The government yesterday authorized a number of military exercises that U.S. Forces stationed along the Panama Canal plan to conduct in the next few months in the country. The United States expects to carry out land and airborne operations from 5 February until mid-July. CH-47 and UH-60 helicopters will use Panamanian landing strips in Chame, Colon, David, San Blas, Penonome, Santiago, and Bocas del Toro. Erich Rodriguez Auerbach, Foreign Relations Ministry spokesman, reported that "in an effort to cooperate and facilitate the protection and defense of the Canal, the Panamanian Government has authorized the U.S. forces to conduct these exercises." He explained that these exercises are being carried out according to the 1977 Panama Canal Treaties, according to which the United States must hand the waterway to Panama and must withdraw its military forces by 31 December 1999. Rodriguez affirmed that on 6 and 7 February, the same military units will conduct exercises in areas close to Barro Colorado island, northern Chagres River, and Chilibre River.

Panamanian Antitrust Law Said Approved in 3d Debate

PA0402131996 Panama City LA PRENSA in Spanish 31 Jan 96 p 1A

[Report by Hermes Sucre Serrano]

[FBIS Translated Text] The Legislative Assembly last night approved in the third debate, by 38 votes in favor, eight against, and two abstentions, Law No. 73 whereby provisions are issued on free competition, known as the Antitrust Law. Balbina Herrera, acting chairperson of the Commerce and Industries Commission, stated that the new law will protect and ensure free competition, will eradicate monopolistic practices, and will end other restrictions affecting the market of goods and services.

Law 73, which contains over 200 articles, bans economic concentration or mergers of companies that restrict, hamper or block free competition. It also contains provisions that protect consumers.

During the discussion, it was approved that imported products to be sold locally at a cost below their manufacturing cost will be considered "dumping" or subsidized merchandise.

It was also established that imported products such as medicine, toxic products, chemicals and agrochemicals, and food which may pose a danger for consumers, will be forced to carry a Spanish label describing the product.

The Price Control Office (ORP) and the Office of Consumer Protection under the Ministry of Commerce and Industries will merge to form the Free Competition and Consumer Affairs Commission, which will operate with a general director and three commissioners (appointed for five years) with their respective alternates.

This law contemplates sanctions ranging from $26,000 to $100,000 for those who incur monopolistic practices and other restrictions preventing the efficient functioning of the markets of goods and services, and adversely affect the interests of consumers.

Carlos Vallarino, deputy minister of planning and economic policy, considered that the new law will reduce the levels of corruption caused by the impunity of some business sectors engaged in illegal competition.

Meanwhile, Legislator Gloria Young, president of the Papa Egoro Movement, insisted that the law is too technical and is not in line with the Panamanian reality. This type of legislation works right in developed societies, where consumers are organized and have clout, she stated.

The law will be applied to all economic agents, whether individuals or corporations, private companies, state-owned or municipal institutions, industrialists, businessmen, or professionals, profit-seeking or nonprofit entities, or any other active participants in economic activity.

Panama's President Perez Signs Antimonopoly Bill

PA0702034396 Panama City EL UNIVERSAL DE PANAMA in Spanish 6 Feb 96 p 24

[Article by Jose Eduardo Sanchez]

[FBIS Translated Text] President Ernesto Perez Balladares has signed the antimonopoly bill, which dictates norms defending competition and adopts other measures.

The present law, which was criticized, seeks to regulate, protect, and ensure the process of free economic competition and to eliminate practices that obstruct the efficient operation of markets, goods, and services to protect consumers.

Fines imposed on those who are involved in practices of this sort shall be applicable to all economic agents, whether they are individuals or legal entities, private,

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state, or municipal enterprises, profit or nonprofit organizations.

As for norms to protect consumers, contract-related provisions, guarantees, and publicity norms have been established. According to these norms, the state must ensure that the goods that are sold and the services that are rendered comply with health, safety, and quality norms in addition to meeting industrial and technical quality requirements. The state must also verify the existence of an adequate supply of basic goods and services. The fines for monopolistic practices established by the present law range between $25,000 and $100,000 depending on the seriousness of the violation. As for practices that violate consumer protection provisions, fines range between $100 to $10,000 depending on the seriousness of the violation, repeated violations, and the size of the company.

The present law establishes the creation of a free competition and consumer affairs commission. This last point created conflicts because the commission's membership was not accepted by the businessmen given that the three principal commissioners and their alternates will be appointed by the executive branch and ratified by the Legislative Assembly for a five-year period to represent consumers, businessmen, and the executive.

According to this law, the Price Control Office disappears and it will be up to the executive branch to draft and regulate price policies, fixing the prices of certain goods and services. The executive branch will set prices by issuing decrees for a maximum duration of six months, unless an extension can be justified.

Panamanian Minister on Possible Expulsion of Diplomats

PA0602173296 Panama City EL PANAMA AMERICA in Spanish 3 Feb 96 p 1

[By Arnulfo Barroso Watson]

[FBIS Translated Text] Bertha Thayer, former legal adviser at the Panamanian Embassy in Cuba, has said that Foreign Minister Gabriel Lewis Galindo, upon learning that the Cuban regime wanted to declare her persona non grata, proposed she return to Havana to bring about her expulsion and take advantage of the situation to "expel" Cuban diplomats from Panama.

"The minister wanted me to go to Cuba because that way he would have an excuse to expel several Cubans from the Embassy, who number nearly 20 and no one knows what they do. He has wanted to expel these Cubans for a long time and he cannot do so because that would create a difficult situation with the left wing of the PRD [Democratic Revolutionary Party]," Thayer stated.

Thayer stressed that she asked Lewis Galindo one week to think about it, after which time she opted not to serve as "bait" informing the foreign minister that she preferred to leave her position.

"Cubans don't have a very gentlemanlike manner to expel the persons they don't want and I did not want them to interpret my return — on leave to Panama — as a challenge," Thayer indicated.

The former diplomatic official recognized that in September she met in Havana with dissidents of the Castro regime because she was concerned about the human rights of these people who "have suffered a great deal for their political ideas against the dictatorship."

[Panama City LA ESTRELLA DE PANAMA in Spanish on 3 February publishes a report on page 28 which adds: "The Foreign Ministry spokesman concluded the changes in the diplomatic mission 'are not unusual' and they will not affect relations with the Cuban Government."]

Panamanian Officials on Envoy's Separation From Cuban Post

PA0702034596 Panama City EL SIGLO in Spanish 5 Feb 96 p 14

[FBIS Translated Text] Highest-ranking officials of the Foreign Relations Ministry, whom several media have consulted, have confirmed that the separation of Bertha Thayer from the post she occupied in our diplomatic legation in Havana, Cuba, has been upheld.

According to Erich Rodriguez Auerbach, the Panamanian Foreign Ministry will not respond in any manner whatsoever to recent statements made by Ms. Thayer, "who will not continue to work in Cuba due to an administrative internal decision, which was made at the highest level. It will not adversely affect the relations we maintain with the Cuban Government and people."

The spokesman explained that "it is an unchangeable policy of the Foreign Ministry not to discuss with the media decisions regarding its staff."

Cali Boats Said To Introduce Drugs Via Panama's Ports

PA0602234596 Panama City EL PANAMA AMERICA in Spanish 4 Feb 96 p A1

[Report by Juan Manuel Diaz]

[FBIS Translated Text] Cells from the Cali cartel are using Panamanian ports and piers — including the

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Balboa and Cristobal Yacht Clubs, Contadora Island, and Vacamonte Port — to transport cocaine, according to a Judicial Technical Police (PTJ) report.

The report obtained by "EL PANAMA AMERICA" indicates that the drugs are shipped from the Colombian coasts to the aforementioned Panamanian facilities, from where they are later sent to the United States and Europe on "catamaran" type boats.

Since June of 1995 the PTJ began an investigation on the operations of that "criminal organization," which permitted authorities to obtain pictures and video footage as evidence.

Those responsible for the Cali cartel cell also hire personnel to prepare false bottoms on boats used for trafficking cocaine.

A first operation allowed authorities on 25 October to seize 2,186 kg of cocaine aboard the boat "Michelangelo." The PTJ reportedly suspects three other boats that the Cali cartel may be using in Panama.

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Argentina

Argentina's Menem Welcomes Opening of FBI Office

PY0702023096 Buenos Aires TELAM in Spanish 1333 GMT 6 Feb 96

[FBIS Translated Text] Buenos Aires, 6 Feb (TELAM) — President Carlos Menem made clear today that a date has not been set for the FBI to install an office in Argentina, but stressed the need to take extreme measures to fight crime.

"I do not see a problem if the FBI wants to open an office here, like its office in Brazil or Uruguay. On the contrary, we will be better informed to fight all types of criminal activities," Menem told Radio "America."

The president warned that "criminal activities are increasing, such as drug consumption and drug trafficking. These things are destroying the foundations of society. "

The head of state said "no date has been set and we are studying" the possible installation of an FBI office.

"This is why I was surprised when some opposition politician opposed the idea of the FBI opening an office in Argentina. The United States has an embassy here; why shouldn't they have an FBI office?" the president said.

Menem said: "If the Federal Police wanted to have an office in the United States, I have no doubts that it would be authorized. What everyone wants is protect our communities and this is one way to do it. "

Menem denied that he discussed the IBM-Argentine National Bank case during a meeting with FBI Director Louis Freeh in Switzerland. Menem said: "We talked about the need to keep closer contacts and I made the proposal."

"We have a world that is becoming increasingly globalized from the economic and political point of view and crime is also becoming global. Therefore, we must take all measures possible and seek the participation of all groups of society in this struggle, particularly those groups responsible for fighting crime," Menem stressed.

IBM Argentina Denies Knowledge of Firm's Contract

PY0702022496 Buenos Aires TELAM in Spanish 0052 GMT 7 Feb 96

[FBIS Translated Text] Buenos Aires, 6 Feb (TELAM) — IBM Argentina today refuted an assertion that was made on 5 February during a television news program in which the anchorperson and a journalist asserted that they had obtained a document that presumably proves that IBM's head office knew about the contracting of the CCR [expansion unknown] Company to help out with the informatics system of the Argentine National Bank [BNA].

The enterprise clarified in a communique that the document that "journalists Daniel Hadad and Eduardo Feinmann had referred to" is "dated 1 January 1994" and "it was submitted to Judge Bagnasco some months ago.

The communique adds that the document "just approves the participation of IBM Argentina in the public international tender that had been called for by the BNA and it does not mention any local contractor," as the two journalists had indicated.

Finally, the local IBM office reiterates that "no IBM executive outside of Argentina had any knowledge nor participation in the decision to contract CCR."

Argentine Companies Study Effects of Auto Pact

PY0702022796 Buenos Aires CLARIN in Spanish 25 Jan 96 p 18

[FBIS Translated Text] The automobile agreement signed by Economy Minister Domingo Cavallo and Industry Minister Dorothea Werneck has prompted several meetings between car and spare parts manufacturers, each on their own, to analyze the consequences of the pact.

It has been reported that not all car plants or spare part factories knew of the existence of a complementary annex to the agreement in question. The annex was — surprisingly — not disseminated and the ignorance of its existence provoked suspicions among entrepreneurs.

CLARIN had access to the additional document signed by the two ministers. It contains some important points:

— Argentine factories are allowed to export 85,000 cars to Brazil ($850 million) without paying any duties and without the obligation to purchase the same number of vehicles from Brazil.

This condition is due to the fact that Brazil sold many more cars to Argentina than it purchased from this country between 1991 and 1994. It was a condition imposed by Cavallo.

— The annex contemplates a benefit for plants established in only one of the two countries (to export without paying duties). Figures will be discussed in February. It will affect car manufacturers Sevel, Ciadea, and Toyota in Argentina.

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— The third point worried local manufacturers the most: Argentina assumed the commitment to analyze ways to make its own automobile and capital goods systems more similar to the Brazilian system.

The Brazilian system contemplates a tax reduction of up to 90 percent on the import of capital goods. Brazilian manufacturers can import raw materials with only a 2-percent tax. But the system includes tractors, agricultural machinery, and vehicle bodies.

Argentina has various mechanisms to encourage the production of capital goods with different tax incentives. But the country pays 18 percent taxes on imported raw materials. The system, however, only applies to cars and spare parts. The country is now committed to approve a system more similar to the Brazilian system.

Behind Curtains

Government officials say that Werneck asked that the annex be kept "top secret." [two preceding words in English] She believed that the news that Argentina will be able to export 85,000 autos without paying taxes could annoy people in Brazil. Argentine entrepreneurs feared something else, due to the "open" character of Point 3.

It was known that Adefa [Association of Motor Vehicle Manufacturers] analyzed the agreement while Sevel criticized the pact. It was said that the association would issue a communique supporting the pact signed by all members, including the Macri group.

Industry Secretary Carlos Magarinos decided not to comment, but he could not prevent political meetings on the subject. He met with Lorenzo Miguel (UOM) [Metalworkers Union] to break the deadlock with SMATA [Trade Union of Mechanics and Related Automotive Transportation Workers] on the new Fiat plant and to brief him on the details of the agreement with Brazil.

Argentina Names Ambassadors to Luxembourg, Sudan

PY0602124896 Buenos Aires TELAM in Spanish 2140 GMT 2 Feb 96

[FBIS Translated Excerpt] Buenos Aires, 2 Feb (TELAM) — Mario Campora, Argentine ambassador to Belgium, has also been named ambassador to Luxembourg. Domingo Cullen, Argentine ambassador to Egypt, has also been named ambassador to Sudan.

The new postings were published in today's Official Bulletin as Decree No. 74/96 and Decree No. 77/96 of the executive branch and they are signed by President Carlos Menem and Foreign Minister Guido Di Tella. [passage omitted]

Argentina: Changes in Intelligence Discussed

96SM0075A Buenos Aires LA PRENSA in Spanish 19 Jan 96 p 11

[Commentary by Carlos H. Raimondi, retired navy captain and PhD in political science: "Structural Changes in Argentine Intelligence"]

[FBIS Translated Text] In the past, military intelligence has been just a small part of intelligence work worldwide. This tendency has intensified in particular since the dismembering of the Soviet Union, to the benefit of economic, scientific-technological, and political intelligence work, thus creating new pathways to the field of cybernetics.

The field of intelligence work that is today called strategic, owing to the skill, expertise, guile, and subtlety that it requires, has expanded strikingly due to the exponential increase in the amount of useful information for decisionmaking not only by states and international organizations but also by national and multinational enterprises both public and private.

Medium and Long Term

These qualitative changes in the field of intelligence are running parallel to other, equally qualitative changes in the field of planning and strategic production: the need to stretch out planning efforts into the medium and long term in order to enhance both the efficacy and the efficiency of economies.

Argentina, which by and large has not made use of central planning systems, is starting to feel the need (now that stability has been achieved) to incorporate its activities into plans that go beyond the short term and the general, annual budget.

In this connection, the Economy Ministry, certain agencies in the Social Action and Labor Ministry, and the Armed Forces are already operating in the medium and long term. The National Intelligence Center (CNI) can now be added to the list.

One residual drawback is the fact that government plans of action are drafted by ministries and secretariats and are executed by them with their own intelligence.

The ongoing increase in the number of agencies that follow medium-and long-range plans will require mounting volumes of strategic intelligence in order to carry them out.

SIDE [Secretariat for State Intelligence], CNI, and ENI [National Intelligence School]

Most companies and government agencies operate in the short term today. Yet they say that they have a

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growing need for longer-term functioning. In order to adapt to the new SIDE and CNI operations, the National Intelligence School is the body that will support the sweeping changes under way.

It will conduct six courses aimed at the medium and long term, incorporating foreign and domestic experience in areas such as modern strategic intelligence, the decisionmaking process, conflict resolution methods, forecasting and prediction, modern methods of analysis, and document preparation.

The CNI will coordinate the actions of several ministries and secretariats, the Armed Forces intelligence agencies, and security and police bodies.

It will request and receive information and intelligence and will develop its own intelligence (developing intelligence from intelligence), all of which will constitute the foundation for medium- and long-term predictions and forecasts. It will also distribute its output to users.

CNI analysts, civilians of both sexes, will require two to three years of training in order to discharge their updated role properly.

The Future

Short-range intelligence work will continue to be done, as it has till now, in the future that we foresee. The CNI will deal with the medium and long term.

The Armed Forces will continue to produce military intelligence as they have to date: national intelligence for the CNI and specific intelligence for the Joint Chiefs of Staff.

The major advantage of the changes I have described is to be found in their practical utility to an ever increasing number of users in peacetime or during a conflict.

Now that the errors of the past have been eliminated, and a certain degree of political and economic stability has been achieved, we will be able to plan for Argentina's future by foreseeing desirable and undesirable scenarios. This will demand medium- and long-range planning that can position us favorably on the international scene, preferably before the end of this century or at least by the beginning of the next one. With steadfastness we can succeed.

Argentina: Confidence Down in Democratic Institutions

96SM0075B Buenos Aires LA NACION in Spanish 13 Jan 96 p 7

[Commentary by Marita Carballo, president of Gallup in Argentina: "Argentines Believe Less and Less in Politics"]

[FBIS Translated Text] The past decade has been one of major transformations in our country, and there have been many changes as well in the attitudes and values of Argentines in various areas: politics, labor relations, religion, the family, and morals. This article will attempt to analyze some of the new trends in politics in light of three polls that Gallup Argentina conducted in 1984, 1991, and 1995, which are part of an international project on the study of values, a project that is headquartered in Michigan and in which more than 50 countries are involved.

The Family Comes First

The findings of the polls since the one in 1984 show a declining interest in politics among Argentines.

Whereas the percentage of those showing an interest in politics fell from 43 in 1984 to 35 in 1995, the percentage who said they were completely uninterested in it rose from 23 in 1984 to 43 in 1991 and to 45 at present. In addition, the percentage of people who were most active or most involved in politics remained stable between 1984 and 1991 at nine, but had decreased by half, to four, by the most recent survey in 1995.

The frequency with which political issues are discussed has fallen significantly, as has the acceptance of various forms of political protest or involvement in partisan activities. Only 30 percent indicated in 1995 that politics is quite or very important in their lives. The family, in contrast, is important to 99 percent, work to 96 percent, friends to 84 percent, free time to 75 percent, and religion to 66 percent.

The study that we conducted in 1991 showed that the drop in interest in politics had also translated into less involvement in parties and labor unions, while involvement in other types of organizations, be they religious, educational, or cultural, had remained at a level similar to that in 1984.

In contrast, our most recent poll in 1995 showed a major increase in involvement in various kinds of groups, thus indicating that people are turning to intermediary organizations. This growth has not spilled over to the parties and labor unions, which show similar numbers in 1991 and 1995. Thus, participation in religious

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organizations rose from seven to 15 percent, in volunteer groups from four to 11 percent, and in artistic or educational groups from six to 10 percent.

Justice on the Wane

People's degree of confidence in their institutions is of great significance. Here we found marked differences since 1984.

That year, the institutions that were most involved in the functioning of the recently established democratic political system were the ones that enjoyed the most prestige and support among the populace. Seventy-two percent of people had confidence in Congress, 57 percent in the Judiciary, and 54 percent in the school system, while there was quite a bit of confidence as well in civil servants (49 percent), the church (46 percent), and the press (45 percent).

At the opposite pole were big business (35 percent), the police (24 percent), and the Armed Forces (19 percent), these being the institutions in which people had the least confidence. In 1995, with figures very similar to those of 1991, no institution with the exception of the church (50 percent) enjoyed the confidence of a majority of people; it was followed by the press (34 percent), the school system (34), and big business (30). The institutions with the lowest credibility are political parties and labor unions (eight and 10 percent, respectively) and Congress (15 percent).

These findings point up a very worrisome development over the past 12 years of our democracy. Our institutions have not grown stronger, especially the ones involved in the operation of the political system, at least in terms of the confidence that people have in them. Various analyses of this issue tell us that people are questioning the effectiveness of these institutions during the period under study, not their legitimacy. This assertion is supported by the high degree of consensus around the statement that democracy may have its problems but is still better than any other form of government (nine out of 10 so maintain), even if its performance at present receives a grade of 4.6 on a scale from one to 10. People expect the political system to improve over the next 10 years, giving it an average grade of 7.6 on the same scale.

Government of Interest Groups

In comparison to 1984, we find in the 1991 and 1995 polls a higher regard for the concepts of individual freedom, greater involvement, free enterprise, and private property. However, there is more of a demand for equal opportunity and for fewer differences between social classes in 1995 than in 1991. Whereas in 1991, 55 percent chose freedom over equality, when forced to make a choice today the same preference holds, but it is down to 51 percent, while those choosing equality have increased from 35 percent in 1991 to 40 at present. Competition is seen mostly as something positive (64 percent in 1991 and 60 percent today), and most people maintain that compensation should depend on merit, not on a particular job (eight out of 10 said this in 1991, and seven out of 10 today). As we can see, the strength of these ideas has declined slightly.

Although as in 1991 people identify the country's main goal as fast economic growth and a stable economy, this opinion is less widespread today (dropping from 65 to 55 percent), while the idea that we should move toward a less impersonal, more humane society has gained ground. This view reflects greater social sensitivity among Argentines. Six of every 10 persons think that people are poor in this country because society treats them unfairly; seven of 10 contend that there is little possibility of escaping from poverty; eight of 10 say that there is more poverty today than 10 years ago, and eight of 10 also say that the country is run by a few big interest groups. The consensus around these ideas is to be found in all segments of society.

Do these sentiments pose a threat of fresh conflicts in Argentina's political future, or could they? Our future could undoubtedly be a troubled one, to the extent that the population's social demands are not met, but it would not seem to imply a return to violence to resolve or satisfy them, judging by the opinions of the great majority of people. Almost eight of 10 persons maintain that "violence is never justified in pursuing political objectives." Correspondingly, the data indicate that support for revolutionary action as a source of social change has fallen during the period from 11 percent in 1984 to seven percent in 1991 and to five percent in 1995, while the percentage of those favoring change via reforms has risen from 67 in 1984 to 74 in 1991 and to 76 in 1995.

A More Just Society

Throughout the past 10 years we have seen people's interest in politics decline as a result of their criticism of the way in which our institutions work; such criticism has not carried over to democracy as a political system, however, as it enjoys mass support today. Nor has this lack of interest translated into widespread political apathy; rather, it has led to greater involvement in other kinds of organizations as a way of channeling the desire for a say in the resolution of problems. The study does not suggest that substantive changes in the basic course that the country has taken are being demanded. People acknowledge and have high regard for the stability

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that has been achieved and fear losing it. But they are calling for a more equitable, more transparent, less impersonal, more humane society that is more sensitive to their needs. Just as inflation triggered the reform of the economic model, unemployment should lead to changes in and the modernization of the system of social relations, this being the duty of all sectors.

Opinions of Democracy as a Political System (percentages)

Opinion	Agree	Disagree	Not sure/no answer
The economic system works poorly under democracy	34	59	6
Democracies are indecisive, and there is much feuding	60	30	9
Democracies are not good at maintaining law and order	25	67	8
Democracy may have its problems but is better than any other form of government	89	7	4

Source: Gallup Argentina 1995

Confidence in Institutions (percentages)

Institution	Positive (great or some)			Negative (little or none)		
	1984	1991	1995	1984	1991	1995
Congress	72	16	15	27	83	85
Judiciary	57	26	27	42	75	73
School system	54	38	34	45	62	66
Civil servants	49	8	8	50	92	92
Churches	46	46	50	53	54	50
The press	45	27	34	54	73	66
Big business	35	25	30	64	75	70
Unions	30	8	10	69	92	90
Police	24	26	24	75	74	76
Armed Forces	19	28	23	80	72	77
Political parties	—	12	8	—	88	92

Source: Gallup Argentina 1995

Argentina: Correction to U.S. President's Speech

PY0202203996 Buenos Aires CLARIN in Spanish 29 Jan 96 p 14

[Corrected version of editorial viewing U.S. President Bill Clinton's State of the Union message — originally filed as PY3101000496; adding following subslug: Editorial: "Clinton Insists on His Social Project"; explantory note describes differe[illegible] from initial FBIS version]

[FBIS Translated Text] U.S. President Bill Clinton's remark that the era of "big government is over" cannot

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be interpreted as a concession to his Republican adversaries. The State of the Union message this year, which was received well by the majority of the population and taken as an early start to the imminent electoral campaign, afforded the Democratic President an opportunity to try a new version of his initial government proposal.

It is obvious, however, that the project of a "coherent society" had to be revised and updated, but taking less than what it appears from his adversaries' proposals because President Clinton and his assistants never left any doubts about the need to balance the fiscal budget and reduce the bureaucracy.

The issue, however, is designed to counteract the Republican pre-electoral offensive. [Initial FBIS version read: "The emphasis on the issue, however, meets the Republican pre-electoral offensive at a crossroads."] Clinton, however, placed the issue within the context of principles that are quite different from those propounded by Bob Dole, the most likely Republican presidential hopeful, or Newt Gingrich, the most radicalized and anti-big government spokesman in economic terms and the best representative of the conservative wing in social aspects.

When Clinton speaks about the need to reduce the size of the state, he does not mean abandoning people to their fate. On the contrary, he says that inefficiency and expensive centralized organizations must be replaced by more efficient and less expensive community initiatives. He appeals to people's solidarity and responsibility. These are values that must be reestablished in a society that has gradually lost them due to many circumstances, among them, the uncompromising individualism that prevailed during the Reagan era.

It has not been proven that this formula can become a reality. Clinton's electoral vicissitudes in the mid-term congressional elections reflected the disillusionment of some groups among the population. Besides, economic indicators during the first years of his administration were not as good as expected. But Clinton continues posing his initial challenge that was central to his speech: Overcome the welfare state without abandoning people, as proposed by the policy of neoliberalism.

Beyond the possibility of becoming a reality, this theory, which sometimes is strangely absent in Argentine discussions, or is presented in anachronistic versions, is the subject of a basic concern for the leader of the greatest world power and his assistants. This is something to think about.

Brazil

Brazil's Cardoso Sends Letter on Sivam Project, Raytheon

PY0702014496 Sao Paulo AGENCIA ESTADO in Portuguese 2140 GMT 6 Feb 96

["Text" of letter sent by President Fernando Henrique Cardoso to Senate President Jose Sarney on 5 February]

[FBIS Translated Text] Dear Senator Sarney:

At this time when the Senate is preparing to decide on the Sivam [Amazon Region Surveillance System] project, I would like to convey some considerations in order to assume, before the Senate, the executive branch's political responsibility regarding this project.

As you are well aware, it was the previous administration which decided on the Sipam [Amazon Region Protection System]-Sivam project, in keeping with the laws and with the purpose of providing the Amazon Region with a modern instrument to control not only the airspace, but smuggling activities as well; and to collect environmental and weather information, and so forth.

Collection of this type of information is vital to ensure a sovereign control of that important portion of our territory and to create conditions for a sustainable development that would benefit the residents of the Amazon region.

Following the selection of Raytheon based on criteria that are known to you, the Senate authorized the administration to proceed with the administrative steps to secure international financing to implement the project.

I would like to remind Your Excellency that the Sivam terms of financing entailed the reopening of Eximbank loans to Brazil, which had been discontinued since 1988, the concession of an eight-year grace period, fixed interest rates, and an 18-year amortization period. These loan terms influenced the government's decision in selecting the winning company. There are neither budgeted funds available to finance the project nor are the terms mentioned above transferable to other companies or projects.

In the face of subsequent criticism — I remind Your Excellency that the Sivam project has already been approved by five congressional committees — I made only one decision: I excluded the Brazilian consortium ESCA [Automation and Control Systems Engineering] and ordered the Air Force to hire the ESCA experts in order to retain the necessary know-how to adequately monitor Raytheon's implementation of the Sivam project and, subsequently, to take charge of the project.

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This was the reason why in June 1995 I sent a message to Congress requesting that ESCA be excluded from earlier decisions.

Now, after six months of intense debate, I have not yet received any substantive reason why the contract should be canceled and a new selection made. I did not hesitate to withdraw ESCA from the project because it had committed flagrant irregularities. I will not hesitate in proceeding to rescind the contract if a tangible reason that would invalidate it is brought to my attention.

I repeat, Mr. President, that it would look very bad for Brazil if its administration reneged on earlier commitments without a solid reason because to do so would erode our international credibility. I repeat too that administrative actions to implement the Sivam project have been taken only after obtaining Senate authorization.

I refrain from commenting on technical aspects because that would be inappropriate. I cannot, however, fail to reaffirm my confidence in the competence and patriotism of those ministers who were involved in this project and in our Air Force personnel as well.

Based on the reasons stated above, I am writing to you to request that the Senate approve the resolutions on Sivam that are currently under consideration. Trusting that Your Excellency will understand my position, I would like to ask you to convey my respects to the members of the Senate, especially to the eminent senator who is so competently chairing the special committee on Sivam and to its rapporteur, who are both widely known for their firm character and independence.

[Signed] Your friend, Fernando Henrique Cardoso

Brazilian Spokesman Comments on Cardoso's Sivam Letter

PY0702015096 Sao Paulo AGENCIA ESTADO in Portuguese 2349 GMT 6 Feb 96

[FBIS Translated Text] Brasilia, 6 Feb (AE) — Presidential spokesman Sergio Amaral today denied that the letter defending the Amazon Region Surveillance System [Sivam], which President Fernando Henrique Cardoso sent to Senate President Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa], reflects a lobbying move. "The letter is not a lobbying move. It simply reiterates the position of the government, which sees no reason for canceling the contract (with Raytheon) without a sound justification." According to Amaral, this is the only thing the government did to guarantee the approval of a $1.4 billion loan and the contracting of the U.S. company Raytheon for installing the system. Aeronautics Minister Lelio Lobo today handed over to Cardoso a study on the cost of Sivam, in which he raises objections to the appraisal made by the Brazilian Society for Scientific Development [SBPC]. The SBPC maintains that $950 million would be enough for implementing Sivam.

Brazilian Senator To Submit 'Favorable' Sivam Report

PY0702003496 Sao Paulo AGENCIA ESTADO in Portuguese 2040 GMT 6 Feb 96

[FBIS Translated Excerpt] Brasilia, 6 Feb (AE) — Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo] was the only senator who questioned today the arguments contained in a letter sent yesterday by President Fernando Henrique Cardoso to Senator Jose Sarney (PMDB-AP), president of the Senate. In his letter, the president asks for support from the senators to approve the Amazon Region Surveillance System [Sivam] bill and assumes political responsibility for the project. According to Suplicy, Cardoso failed to answer major charges against the project, such as the fact that there had been a contract between ESCA [Automation and Control Systems Engineering] and Raytheon since 1992. Despite the criticism, Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul], will submit tomorrow (7 February) a favorable report on the Sivam project, which authorizes the administration to contract loans amounting to $1.4 billion for the Sivam project.

In his report, Tebet is going to propose the opening of bids for the selection of companies that will be in charge of implementing the civil engineering portion of Sivam, which has been estimated at $110 million; and of those companies that will supply Brazilian-made equipment and services at an estimated cost of $170 million.

Commenting on the charges raised against Sivam, Suplicy said: "Could the president not have been informed of these charges despite their having been debated in the Senate?" Senator Esperidiao Amin (PPB-SC) [Brazilian Progressive Party-Santa Catarina] has announced that he is going to propose an amendment from the floor to exclude Raytheon from the project. In this case, the Senate would authorize the $1.4 billion loan, but it would not assume responsibility for its use. Senator Osmar Dias (PSDB-PR) [Brazilian Social Democracy Party-Parana], has proposed another amendment that would force the administration to open a new bidding for the entire Sivam project. Although most senators have supported the idea of opening of a new bidding, only 25 of the 81 senators have thus far endorsed the Dias-sponsored amendment. [passage omitted]

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Brazil Rapporteur Presents Sivam Report in Senate

PY0702152596 Sao Paulo AGENCIA ESTADO in Portuguese 1430 GMT 7 Feb 96

[FBIS Translated Text] Brasilia, 7 Feb (AE) — Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul], rapporteur of the Special Senate Committee on the Sivam [Amazon Region Surveillance System], who presently is in the Senate presenting a favorable report on the project, has made six recommendations: That the Sivam project be strengthened; that the contract with the U.S. company Raytheon be canceled in the event the National Accounting Office [TCU] finds an irregularity in the process; that there be a guarantee the Brazilian Government will control the Sivam software; that there be a call for a tender bid for the civil construction projects that will be carried out outside the national security area; that a public company be created to replace ESCA [Automation and Control Systems Engineering], which was dismissed from the project; and that the TCU permanently follow up on the Sivam project. The report is 81 pages in length.

Brazilian Article: U.S. Ambassador 'Loquacious'

PY0602125596 Sao Paulo VEJA in Portuguese 7 Feb 96 p B37

[From the "Radar" column by Ancelmo Gois: "A Loquacious Ambassador"]

[FBIS Translated Text] Ever since Lincoln Gordon helped prepare the 1964 military coup, no other U.S. ambassador has meddled so much in domestic affairs as current U.S. Ambassador to Brazil Melvyn Levitsky. A high-ranking Brazilian Government official collects unfortunate statements made by Levitsky.

— In November 1994, he accused the government of lacking political will to combat drug trafficking. "Stabilization will transform Brazil into a more interesting country for drug traffickers."

— Last December, at the peak of the Sivam [Amazon Region Surveillance System] crisis, Levitsky gave a disastrous interview to JORNAL DO BRASIL, saying that there would be an impact on bilateral relations if the contract with Raytheon were annulled.

— Last week, during the installation ceremony of the new American Chamber of Commerce president, he demanded haste in the approval of the reforms.

Brazilian Official Views Active Participation in WTO

PY0502220396 Sao Paulo GAZETA MERCANTIL in Portuguese 26 Jan 96 p A2

[Article by acting Foreign Minister Sebastiao do Rego Barros, secretary general of the Foreign Ministry]

[FBIS Translated Text] Now that it is celebrating its first anniversary, the WTO has started evaluating its first year in operation and discussing the future of trade negotiations. In Vancouver, Canada, and Geneva, where the WTO is headquartered, the organizations' member countries held meetings at the end of 1995 to analyze the implementation of the Uruguay Round agreements and to evaluate whether new topics related to trade should be included on the WTO agenda after the first ministerial conference is held in Singapore in December.

The Vancouver and Geneva meetings have been marked by an atmosphere of moderation. Most of the developed or developing countries agree that the WTO's future agenda, particularly the one for the Singapore meeting, will have to be well-balanced and combine the work to be performed in order to implement the agreements that have already been reached with the task of cautiously assimilating the new issues. Like the GATT, which preceded it, the WTO's performance is based on consensus and contracts made among the parties that comprise it. New proposals to expand the scope of the negotiations will only be accepted if they do not exacerbate antagonisms or threaten the current consensus that has been painfully preserved in the last few years.

The main conclusion reached in the meetings was that, at least in the short and medium term, the greatest challenge the WTO member countries will have to face will be to ensure that the organization functions well. The WTO's structure is already complete, but it still lacks stability and credibility. These will be achieved through full compliance with the Uruguay Round obligations, compliance with established schedules, and respect for decisions made by the WTO's mechanism for the solution of controversies. These tasks depend more on the disposition of the member countries' governments than on the efficiency of the WTO's secretariat.

Strengthening of the multilateral trade system, and particularly of the WTO, represents for the international economy the security that possible protectionist impulses will not result in the closing of the international markets. A stable and foreseeable multilateral system of trade represents for Brazil, which has a trade agenda with diversified products and a balanced distribution among the various purchasing countries, the possibility of maintaining open markets in all continents. With

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one fifth of its sales earmarked for each one of its main markets (West Europe, Latin America, North America, and Asia), Brazil is not interested in the rebirth of an aggressive commercial nationalism similar to the one that took place in the 1930's. It is not interested either in the division of the international economy into regional blocks that are closed to the rest of the world, as some analysts have forecast amid the impasses of the Uruguay Round, which have already been overcome.

From the point of view of Brazilian interests, the proper functioning of the WTO does not mean only the preservation of an international trade without obstacles based on stable rules. It also means the guarantee that specific measures to be adopted by other countries against Brazilian products can be prevented if they are incompatible with the principles and accords contemplated by the WTO. Developing countries such as Brazil are more so victims of unilateral trade than they are responsible for it, and the best instrument of defense against protectionist measures is to resort to a mechanism for the solution of controversies, just like the WTO. One of the main differences between the WTO and the GATT is that the WTO has an appellation body, which has the power to arbitrate whenever there is no consensus between the parties and has, in addition, authority to demand compliance with its decisions. Brazil and Venezuela, for example, have already filed complaints against the United States for having implemented a law that discriminates against gasoline exports of the two countries. Brazil and Venezuela are now waiting for the WTO arbitration, which can require the reformulation of the U.S. laws or call for commercial compensations.

Another advantage that the strengthening of the WTO has for developing countries such as Brazil is that it may result in measures which, despite affecting the trade area, have not been sufficiently regulated at the trade forums. This is the case of trade measures allegedly adopted for environmental protection reasons but, in reality, discriminate exports from developing countries. The green stamps [selos verdes], for example, which proliferated in the 1980's, are almost always based on criteria that have scarce scientific foundation and value home-made production processes that are not necessarily healthier from the environmental point of view than those adopted in other countries. The Trade and Environment Committee of the WTO, whose working program was defined at the Marrakesh meeting held in April 1994, can be an important instrument in regulating the use of green stamps and preventing them from being used to protect industries that are not very effective. The Marrakesh meeting was initially presided over by Foreign Minister Luiz Felipe Lampreia.

Aware of the benefits of strengthening the multilateral trade system, Brazilian diplomacy has been attributing great importance to the consolidation and good functioning of the WTO. Our performance is based on three priorities. The first and most general one is the preservation of Brazil's role as one of the main protagonists of the negotiations within the WTO. During the GATT Uruguay Round, Brazil reinforced the outstanding position occupied by the country in previous rounds. Brazil's active participation in the WTO during its first year has ensured the possibility for us to choose the president of the Body for the Solution of Controversies: The position will be occupied by Ambassador Celso Lafer, whose personal skills have determined his election. It has also ensured the possibility of having a Brazilian representative in the select "Group of High-Ranking Officials," which has been meeting to discuss the WTO's future. The more active Brazil is, the more influence it will have in concentrating the organization's efforts on measures that may favor a commercial opening in areas and countries representing the largest markets for our products.

Brazil's second priority in the WTO is to increase commercial liberalization in traditional sectors. As a way to reduce the distortions that characterize trade in agricultural goods, especially due to the abusive use of subsidies in the EU and the United States, Brazil has been defending strict compliance with the agreement that calls for reduction of subsidies on the production and export of agricultural products. This, however, will call for a new negotiation stage when its period of enforcement ends in 1999. We also support the implementation of the schedule that has been established for dismantling the Multifibers Accord in the textile area and a broader access to the market of some industrialized and semi-industrialized products which certain countries still protect, unfairly, with tariff and nontariff barriers. The Singapore ministerial meeting will be a good opportunity to evaluate compliance with these accords, which have been negotiated within the framework of the Uruguay Round, as well as to reassert our belief that it is still indispensable to achieve further commercial liberalization in traditional sectors.

The Brazilian Government's third and last priority in the WTO is to avoid that the possible inclusion of "new issues" on the WTO's agenda be conducted in a precipitated manner or in detriment to the interests of the developing countries. Several issues have been raised by developed countries, such as trade and migratory currents, tender bidding policies and "financial dumping" (unfair competition in terms of capacity to finance exports).

The Brazilian Government's success in its strategy aimed at taking active participation in the WTO de-

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cisions and in its strengthening as well as at profiting from the benefits deriving from the liberalization of the international markets will depend not only on our performance in Geneva, but also, and mainly, on our credibility as trade partners. Contrary to protectionism, liberalization is rarely a unilateral act. Concessions are made and multilateral rules are respected only when the other partners do the same. In the last few years, Brazil has been implementing an ambitious program for commercial liberalization and it has been acting in accordance with the rules established in the accords reached within the WTO's framework as well as regional accords. It has, therefore, every condition to continue being an active country within the WTO and to use the organization to obtain more and more access to markets for its goods and services.

Brazilian Editorial: Cardoso Taking 'Tough Attitude'

PY0602220496 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Feb 96 p A3

[Editorial from the "Notes and Information" page: "The President Toughens His Tone"]

[FBIS Translated Text] President Fernando Henrique Cardoso has started doing with the Rio Grande do Sul [RS] bloc of lawmakers what he should have done from the beginning with all of the lawmakers. The president, who dined at the residence of Deputy Adroaldo Streck, did not yield to pressure regarding unfulfilled regional interests and did not leave any criticism unanswered. At times, he used a harsh tone. He made it clear that previously made decisions will be implemented, whether the RS bloc likes it or not. He indicated that the allies should support the administration, not vice versa. Had he adopted this tough attitude from the start, the reforms would have been far more advanced, less tied to conditions, and the administration would today have a more reliable support base in Congress.

A few weeks from now, we will know if the president's answers to defiant questions addressed to him by some RS lawmakers were just an isolated reaction or if it reflects a new pattern he will follow in all cases. We hope the latter is true. An elected president of the Republic who was nominated by a party that has no majority in Congress cannot adopt an inflexible position at all times. Yet, he cannot fluctuate from one situation to another either to satisfy the increasingly voracious appetite of some, or to continue to remove huge stumbling blocks through small rewards. In no way should the president transform a negotiation into a goal by itself because he would thus be getting lost in endless, inconclusive conversations and engage in long-range, lofty strategies that would bring his current actions to a standstill.

If this was happening it is because President Cardoso allowed it through his personal style and a lack of capable advisers. He acquired such a degree of legitimacy through the votes cast on his ticket and such a strong support for the country's modernization plan that he may set the course and lead the way, certain that the majority will follow him and that any defector would hurt himself rather than the administration. The repeated concessions he had to make to his allies have undermined the prestige of the president and his administration. These allies just use their position to first create difficulties within the administration and then draw benefits from the solutions for the difficulties they themselves had created. The president must find ways to avoid these games without discontinuing his inclination to negotiate, which is a legitimate, inherent part of political life.

During dinner at Deputy Streck's residence, President Cardoso showed he can do this and that he is a master at it. Questioned in a direct way and in unconventional language that is unsuitable for addressing a president in the presence of witnesses, President Cardoso used a tough response to Pedro Simon, although in an adequate tone for the ears of a senator. He stated that, in spite of the will of RS lawmakers, the Meridional Bank will be privatized and that the process will not be delayed. He said this is a government decision that will be implemented without delay. When Deputy Jose Fortunati, former leader of the Porto Alegre union of bank employees, claimed that all First World countries achieved development on the basis of state-owned banks, the president asked him to give examples. As the deputy could not cite examples (he faxed them to Planalto Palace the next day...) the president refused to pursue the discussion with the deputy until he provided examples of his allegation. In other words, Cardoso began to demand that those arguing with him refrain from making unsubstantiated allegations.

The president decided not to act under pressure any more and decided to set an example with the case of settlers who invaded a federal compound in Porto Alegre. Until the situation returned to normal, the president refused to sign with Governor Antonio Britto and with the Rio Grande do Sul Confederation of Workers some agreements calling for the transfer of 40 million reals in FAT [Workers' Support Fund] funds to the Family Farming Program. This is a timely change of course. Until now the federal administration had tolerated invasions, having gone so far as to appoint as head of INCRA [National Land Reform and Settlement Institute] a man whose only credentials — beside being

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close to the president of the Republic — is that of being on good terms with the Landless People's Movement [MST]. After settling 40,000 families who behaved in a civilized fashion and, after it became clear that the agrarian issue does not end with the MST, the administration may have decided to sap the strength of the Rainha couple [MST leader Jose Rainha and his wife]. Cardoso adopted an intransigent position with Deputy Adao Pretto, whom he pinned against the wall by saying: "Adao, are you or aren't you aware of what the administration is doing?" After hearing from the deputy that the administration has achieved positive results, Cardoso snapped: "Then state that publicly."

There it is. The president told a PT [Workers Party] deputy to go public and praise the positive measures adopted by the administration. He may not have chosen Pretto at random. It is also unlikely that the tone used by the president of the Republic in his conversation with the RS lawmakers may have been an isolated reaction on the spur of the moment. This method reflects a certain degree of clairvoyance. May he continue to develop it.

Brazil's Cardoso Said 'Satisfied' Over Labor Accord

PY0702115496 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 7 Feb 96

[FBIS Translated Text] Presidential spokesman Ambassador Sergio Amaral said on 6 February that President Fernando Henrique Cardoso was satisfied over the agreement reached with the labor unions, which will make it possible to start voting on the rapporteur's report about the social security area reform. According to Amaral, Cardoso spoke with several party leaders and labor union leaders over the phone in order to discuss the issue.

Ambassador Amaral commented on the clauses of the social security area reform that President Cardoso deems important:

[Begin Amaral recording] The president was satisfied over the agreement reached on topics that were still pending. They are basically the following:

First, understanding about what is the meaning of contribution period.

Second, agreement about the duration of the transition period, which will last five years in the case of proportional retirement.

Third, understanding about the concept of seniority for public employees. In other words, the minimum age required for retirement of public employees, which is 55 years of age for men and 50 for women. [end recording]

Amaral also said that during Cardoso's meeting with the ministers, which will be held on 9 February, operational aspects of the budget will be discussed. Amaral added that it is still too early to talk about discussions regarding possible changes to be implemented in the minimum wage policy.

Brazil's Payment of Interest on Debt With Banespa Viewed

PY0502140896 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Jan 96 p A15

[Interview with Central Bank President Gustavo Loyola by Kassia Caldeira; place and date not given]

[FBIS Translated Excerpt] [Caldeira] [Sao Paulo, SP, State Governor Mario] Covas said the SP Government debt with Banespa [Sao Paulo State Bank] was frozen as of the day you and Finance Minister Pedro Malan signed the protocol on the accord.

[Loyola] In the protocol we defined a date from which to calculate the debt and the value of the Treasury certificates that will be issued. Obviously, the interest accrued during the period that will end on the date when the certificates are issued must be paid through some kind of mechanism that has yet to be defined by a working group. If not, this would represent a loss to Banespa. Who will pay, however, has yet to be decided. The idea of setting a date in the protocol helped define a value for the certificates and thus avoid changing the figures all the time, because this would make the technical work more difficult. The date and the value have been set, and we will now make the other arrangements.

[Caldeira] What was Governor Covas' political influence in negotiating the SP Government's debt with Banespa?

[Loyola] Governor Covas' participation was important because he politically endorsed the negotiations. I would say his influence is that of the governor of a well-known state.

[Caldeira] Vilson Kleinubing (Liberal Front Party - Santa Catarina), the federal government vice leader at the Senate, said that if he can, he will reject the agreement that must be analyzed and approved at the Economic Affairs Committee. He added that he must consider the administrative reasons that led the government to sign the agreement.

[Loyola] The Senate will evidently be consulted about Banespa. I believe it is too soon to say the agreement will be rejected. Not all details of the agreement have been sent to the Senate. Thus, as Kleinubing says, the

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Senate will consider the administrative reasons that led to this agreement which, although not ideal, is the best under the circumstances and both parties will benefit from it.

[Caldeira] Does Senator Kleinubing's statement that "the people of Sao Paulo and other Brazilians will end up by paying the SP Government debt with Banespa" have any technical foundation?

[Loyola] The debt will evidently be paid by the people of SP, and Brazilian taxpayers will undoubtedly pay the portion of the debt the Federal Treasury pardons. There will be no debt if someone pays it off and, as the state government has no money, it will merely redistribute the people's wealth. The SP people and Brazilians in general will pay the debt.

[Caldeira] Have many governors have already contacted the BC, seeking the same terms and the same treatment granted to SP for the payment of its debt with the Banespa?

[Loyola] We have been receiving signals. I would rather not mention the names of the states, but some governors have contacted the BC and the Finance Ministry wanting to renegotiate their debts under conditions similar to those granted to SP and with a 30-year term. So far, no group has been comprised to deal specifically with this issue, but one will probably be organized soon. [passage omitted]

Bolivia-Brazil Pipeline Project Advances

96SM0058A Sao Paulo GAZETA MERCANTIL in Portuguese 15 Jan 96 pp A1, C1

[Article by Silvio Ribas: "Petrobras Wants To Expedite Gas Pipeline"]

[FBIS Translated Text] Sao Paulo—The soap opera in connection with the Bolivia-Brazil gas pipeline began in 1993, and it may come to an end before this half of the year is over. Petrobras, which is in charge of the work in Brazilian territory and the chief investor in the project, is expected to sign the final contracts in March with the distributing companies in the states concerned—Mato Grosso do Sul, Sao Paulo, Parana, Santa Catarina, Parana [as published], Rio de Janeiro, and Minas Gerais—to supply Bolivian natural gas. Beginning in 1998, the first stage will provide 8 million cubic meters per day for Sao Paulo. The gas will be transported through a 2,000-kilometer-long pipeline.

According to Antonio Menezes, coordinator of the Petrobras executive group in charge of carrying out this $2 billion project, uncertainties surrounding the future of the government-owned firm as a result of the 1995 constitutional reform kept private investors from joining the project. Ieda Correia Gomes, president of the Sao Paulo Gas Company (Comgas), complains about the delay in starting construction of the pipeline but is encouraging the municipalities that will be supplied in her state to take advantage of the fuel project.

At the same time, the Bolivian Government is changing its rules for the capitalization (partial privatization) of Bolivian Government Oil Deposits (YPFB) to allow investment by Petrobras, Argentina's YPFSA [Government Oil Deposits, Inc.], and Bolivian private enterprise. The rules for the second stage of the process will be published on the 31st.

Bolivian Gas Pipeline in 1996

Construction of the Bolivia-Brazil gas pipeline is scheduled to start before this half of the year is out, even though there are still disagreements among the companies participating in the consortium. Petrobras, which is responsible for the undertaking in our country, plans to accelerate the negotiations in order to put an end to the successive delays in its completion. Unstable rules of the game for the petroleum industry in both countries, pressures or hesitations by domestic and foreign investors, and the clash of regional interests have been some of the factors causing delay.

In the opinion of Antonio Luiz da Silva Menezes, coordinator of the Executive Group for Development of the Bolivian Gas Project (Gasb), the Bolivian pipeline has not gotten past the paper stage solely because of last year's constitutional revision, which left unresolved details regarding the relaxing of Petrobras' monopoly. "Making investors, especially foreign investors, understand what direction the company might take as a result of congressional action has slowed the pace of talks," he says.

He adds that the government-owned firm "could not move ahead very far while not providing very definite rules for anyone who wanted to invest." Menezes says that before the end of this month, the Gasb will meet with its Bolivian partners to work out a new strategy in which Petrobras and its partner, Bolivian Government Oil Deposits, will begin building the pipeline without even waiting for formation of the mixed-capital management firm called for by the project. "Investors will be encouraged when they see the work under way," he says.

The engineer also claims that the contracts with the seven state-owned gas distributing companies are expected to be signed by March. Over the past two months, the Gasb has been concentrating on that task parallel with the effort to sign a contract between Petrobras and the future mixed-capital firm for transporting the gas.

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So far, negotiations with Bolivia and the other private partners have made no progress. "The discussions have stalled over revision of the contract and agreement on prices and the commercial and economic structure."

Menezes says that investments by each partner are to be based 65 percent on financing and the rest on the partner's own funds. Petrobras will be responsible for 46 percent of the total, which is calculated at $2 billion. Menezes says that the alleged stalemate with the state distributing companies over the price charged for the gas supplied is a "settled issue." In his view, the price established ($2.80) is the one that makes the pipeline viable. "Actually, the price ought to be the last thing to be agreed on. The real problem has to do with the conditions guaranteeing a longer life for the commercial project, examples being monetary correction and foreign exchange," he says.

Menezes confirms that there has been pressure from Sao Paulo lobbyists to take the project only through its first stage—as far as Sao Paulo. But he feels there is no chance that that idea will be successful, despite arguments that it is the most viable solution economically. "In recommending a 32-inch pipeline to the southeast, Petrobras was stressing the integrity of the 1993 agreement signed by the seven states involved and reaffirming the importance of the market in the south," he says.

The initial contract between Petrobras and the YPFB is valid for 20 years and provides that beginning in the year 2000, quantities of gas equivalent to 100,000 barrels of petroleum will be supplied, principally for the south and southeast regions, which account for 71 percent of the country's energy consumption. It was estimated that construction would take 30 months, with the pipelines totaling 3,417 kilometers in length. It was expected that the first shipment of Bolivian gas would take place during the second half of this year.

Sao Paulo Distributor Expands Network

Sao Paulo—The delay in negotiations for construction of the Bolivia-Brazil gas pipeline may jeopardize the deadlines initially established by Petrobras, which is responsible for the project. Despite that concern, Ieda Correia Gomes, president of the Sao Paulo Gas Company (Comgas), is directing the Sao Paulo municipalities that will receive gas from the Bolivian pipeline to prepare for receiving it. Of the 16 million cubic meters called for in the $2 billion project, half will go to Sao Paulo. Therefore, the 8 million cubic meters in the first phase will remain in the state after being transported along the first pipeline, which will run from Rio Grande, Bolivia to the Sao Paulo capital 2,000 kilometers away.

Ieda Gomes believes that the decree signed by President Fernando Henrique Cardoso last week and authorizing the use of natural gas as a fuel for automotive vehicles will have a special impact on Sao Paulo State, where most of the nation's vehicles—approximately 1 million units—are concentrated. Most of the cars adapted to use natural gas will probably be those racking up the highest mileage and located in Sao Paulo, the Paraiba Valley, and Cubatao, where service stations already exist. The Bolivian pipeline will give new impetus to the use of gas in automotive vehicles.

In the seven states to be supplied with Bolivian gas—Rio de Janeiro, Minas Gerais, Rio Grande do Sul, Santa Catarina, Parana, Sao Paulo, and Mato Grosso do Sul—only the state-owned distributing company in Minas Gerais (Gasmig) has signed a contract in advance with Petrobras, which has started supplying gas from the Campos Basin as far as Belo Horizonte (800,000 of an eventual total of 1.7 million cubic meters). Comgas, according to its president, has not yet signed because of disagreements over price and the distribution conditions offered by the federally owned petroleum company. The Sao Paulo company wants a price close to what it pays today—$2.38 per million BTU's (British thermal units)—compared to an offered price of $2.60 the first year and $2.80 thereafter.

Gomes is afraid that a few stalemates are putting the timetable for the pipeline in an "increasingly tight" position. The project is still awaiting the awarding of contracts to begin construction and the formation of a sole company—consisting of Petrobras, Bolivian Government Oil Deposits (YPFB), Iron of the United States, and the British consortium BTB [British Gas, Tenneco Gas, and Broken Hill Proprietary]—to manage the system's operation. Brazilian stockholders are responsible for 51 percent of the investment. "The project is where it should have been in August of last year, and Bolivia's contract with Petrobras is stalled over rates," she says.

In Sao Paulo State, which has the largest gas distribution network in the country, 80 municipalities are currently supplied with fuel distributed by Comgas and originating in the Campos Basin in Rio de Janeiro and the Santos Basin in Sao Paulo. Current consumption totals 3 million cubic meters per day, and the company expects to increase that to 4 million cubic meters beginning in 1998, excluding the additional gas from the Bolivian pipeline, and to reach 8 million cubic meters by the year 2005.

Comgas has 260,000 customers, including 500 industrial customers who account for most of the demand. The company also supplies 18 service stations. According to the firm's president, the start of operations by

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the Bolivian pipeline will increase the number of consumers to about 1,000 [as published] and double the number of service stations. According to a market study by Comgas, the Sao Paulo economy's consumption potential will be 12 million cubic meters per day beginning in the year 2000.

The state-owned firm has been staging technical events in cities in the interior to publicize the advantages of participating in its natural gas distribution system. The company is going beyond that and even proposing to municipal authorities that they pass laws making the household use of gas compulsory. For this year, Comgas has worked out an expansion plan for the Paraiba Valley, where it began operating in December (in Sao Jose dos Campos). The gas will reach Jacarei in 1996, and a contract has already been signed with Petrobras to distribute gas in the municipalities of Pindamonhangaba, Taubate, Cruzeiro, Lorena, Guaratingueta, and Aparecida do Norte. The new service stations will cover the industrial, commercial, and residential markets.

Ieda Gomes declined to comment on fears by Minas Gerais businessmen that the pipeline may be controlled by Sao Paulo interests, which would then keep most of the gas and delay construction of a second pipeline to Rio Grande do Sul and of branches in the Minas Gerais triangle and southern Minas Gerais. "The gas is not ours, and the whole thing is governed by the contract with Petrobras," she said.

Petrobras May Capitalize YPFB

[Article originally published in LA RAZON (Network of Latin American Economic Newspapers), La Paz, Bolivia, no date given]

The partial privatization of the YPFB [Bolivian Government Oil Deposits] through an international bidding process for capitalizing the firm is still undergoing modifications. After requiring net assets of $250 million as a condition for participating in the YPFB's marketing "package," the Bolivian Government has opened the door to simple operating companies and will now allow Petrobras into the process. That relaxation of requirements also opens the door for participation by Bolivian private enterprise, which was previously shut out by the unattainable requirements.

In the beginning, the Ministry of Capitalization ruled that companies interested in the "packages" into which the YPFB would be divided would have to pay $80,000 to enter the second stage of the process. That rule has been amended: the amount in question must now be paid only by companies interested in refining, transportation, exploration, exploitation, and marketing. Firms interested in fuel stations are required to pay only $10,000. According to the call for bids in connection with the YPFB's capitalization, the second stage of the bidding process will not begin until after preselection as called for in the first stage is complete. Those preselected will be entitled to receive information about the state-owned firm and be given access to all its data in La Paz beginning on 31 January upon payment of the fee for participating in the second stage, either individually or through consortiu

A new amendment to the bidding conditions allows Petrobras to join in the process. That company was excluded under a previous amendment. The result is increased flexibility in the capitalization process, which originally did not allow South American firms to participate in the bidding to manage YPFB companies.

The Ministry of Capitalization had required that operating companies have a credit rating of "triple B minus," a rule that excluded the South American countries—except Chile and Colombia—because they did not meet Standard & Poor's "risk country" requirement. The alternative that was offered said that if the firms did not meet that requirement, they would have to have assets of $1 billion. This made it possible for Argentine companies such as the YPFSA to participate.

Among the original requirements was one stating that candidates interested in exploiting and refining must prove that they had assets exceeding $500 million. To make it possible for Bolivian companies to participate, a YPFB marketing package was offered. It requires only that the candidates be operating companies, thus opening the door even to firms controlling service stations.

The 10th amendment to make the bidding process more flexible alters Amendment No. 8, dated 13 December 1995, which stipulated that candidates or their affiliated operating companies could not belong to foreign firms in which, whether directly or indirectly, more than 50 percent of the shares belonged to the public sector in the home countries of the firms in question. The additional proviso allows participation by such companies provided that "they are organized in their home countries as commercial companies and therefore operate as entities under private law outside their home countries."

Amendment No. 10 means that Petrobras, which was excluded under Amendment No. 8 because more than 50 percent of its shares are owned by the government, is back in the running because it is covered by the guarantees that firms organized as commercial companies in their home countries and operating as firms under private law abroad will not be excluded. That is the case with Petrobras and with its international arm, Braspetro.

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The 12th of this month was the deadline for the presentation of credentials by companies wishing to participate in the preliminary qualification process. This week, after that stage is completed, the classification commission will issue its decision with the final list of firms preselected for the next stage. In revising other aspects of the process, the Ministry of Capitalization has decided that the terms governing the second stage, accompanied by a detailed timetable showing the dates on which economic proposals must be submitted, will be established by the end of this month.

Chile

Chilean Court Rejects Peruvian Request for Injunction

PY0602232496 Santiago EL MERCURIO in Spanish 3 Feb 96 pp C1, C8

[Article by Mauricio Silva]

[FBIS Translated Excerpt] Arica — The Arica Court of Appeal has unanimously decided (3-0) to reject the petition for court injunction submitted on 2 January by the Peruvian consul on behalf of the Peruvian Government over the pavement and enlargement of a road that crosses El Chinchorro property owned by Peru.

The Court of Appeal said that the Peruvian consul resorted to an inadequate legal procedure to determine if the right it claims was indeed violated. It is inadequate because time and legal practice have turned the petition for court injunction into an instrument for resolving specific conflicts resulting from an arbitrary or illegal act or omission, without the need for the court to get involved in determining the real holder of a right.

The court ruled that it was public knowledge that the road segment that is 7 meters wide and 110 meters long in the Panamericana Norte highway was a real daily threat for traffic accidents and death. Therefore, its pavement was a well-reasoned and just public need in order to reduce such risks. The ruling adds: "Therefore, the road pavement was not the result of an irresponsible, hasty, or fanciful attitude. Consequently, the pavement was not an arbitrary decision."

The court ruling also says that the purpose of the court injunction to stop the road work is no longer valid because the work is over and the highway is back in operation. [passage omitted]

Peruvian Consul in Arica Eduardo Martinetti, who submitted the request for court injunction on behalf of the Peruvian Government, said after the court ruling that he has faith in Chilean justice and that at noon yesterday he submitted an appeal to the Supreme Court. [passage omitted]

Chilean Commander Says Army Not Involved in Prats Case

PY0702020496 Santiago EL MERCURIO in Spanish 3 Feb 96 p C3

[FBIS Translated Excerpt] Acting Army Commander General Guillermo Garin said yesterday, in relation to the participation of some Army officers in the dismantled National Intelligence Directorate (Dina), that any type of military command at any level is an individual responsibility.

Gen. Garin's comment is related to the principle followed by the defense institutions in the sense that the responsibilities of officers in functions outside their institutions are an individual responsibility.

After heading the graduation ceremony of 121 students of the Army Military School for Noncommissioned Officers who attended the summer basic training of the Parashut and Special Forces School in Colina, Gen. Garin was asked about the reopening of the Prats case in Argentina.

After a brief struggle between Garin's guards and reporters, the general told the media that the Army has no connection with the judicial proceedings being held in Argentina and that this is why it is not appropriate or necessary for the Army to carry out an internal investigation of this case.

Garin said that the Army is staying completely outside this case and he even denied reports that Army Auditor General Fernando Torres Silva left for Buenos Aires to familiarize himself with the defense of Enrique Arancibia Clavel.

Asked about the request by leftist politicians and direct relatives of murdered former Army commander General Carlos Prats, Garin said: "Any investigation within the Army is only carried out when it directly affects the institution and the Army has nothing to do with this particular case."

He also pointed out that the Army cannot be linked with the dismantled Dina.

Gen. Garin avoided any comments on the participation of Argentine President Carlos Menem in this case and the possible political use of the Prats case in that country. Whether Menem's participation in this case was an interference in national political affairs, Gen. Garin said he was not the one to say it. He added: "No, the Army does not have a position in this regard." [passage omitted]

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Colombia

Colombian Prosecutor To File Charges Against Samper

PA0702022796 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 6 Feb 96

[Report by Gilberto Alvarado; from the "RCN Radio Events" newscast]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso has reported to the Accusations Committee members, with whom he met for one hour at the House of Representatives, that he will file charges against President Ernesto Samper Pizano at the Congress next week. Valdivieso said he will attach to his documents the evidence gathered in the past few weeks, according to which some of President Samper's former associates, including former minister Fernando Botero and former presidential campaign treasurer Santiago Medina, have declared that Samper was aware of the participation of illegal money in his electoral campaign. Before meeting with the accusations committee members — a meeting about which nothing was made public except what this station has officially reported — Valdivieso referred himself to the investigation conducted by the accusations committee.

[Begin recording] [Valdivieso] [Words indistinct] institutions that lack credibility. This is the rule. This is nothing new and the Congressional Commission members themselves admit it.

[Unidentified reporter] Mr. Prosecutor, would you feel more reassured if the Chamber of Representatives' plenum, rather than the investigations commission, assumes Samper's trial?

[Valdivieso] [Words indistinct] therefore should take up the executive portion.

[Reporter] [Words indistinct] trying to delay the trial? The political debate, which the country is awaiting, was expected to open as soon as the Congress' special sessions were called.

[Valdivieso] I do not know about the political debate, but as to the trial being held ahead of schedule or delayed, a special procedure would go into effect if, for instance, the Prosecutor General's Office is expected to present new evidence. Of course, this should be taken into consideration.

[Reporter] [Words indistinct] the speed with which the Prosecutor General's Office acts?

[Valdivieso] The Prosecutor General's Office works as rapidly as possible. This is sufficiently clear. [Words indistinct] [end recording]

The Accusations Committee is meeting and considering the possibility of lifting the writ of restriction, issued on 14 December in favor of President Samper, so that a formal investigation on Samper can be opened.

Colombian Police Thwart Attack on Prosecutor

PA0602142796 Mexico City NOTIMEX in Spanish 1306 GMT 6 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 6 Feb (NOTIMEX) — Emisoras Caracol Network (Caracol) announced today that the Colombian police thwarted an attack on the Colombian deputy prosecutor general, one of the lead investigators of President Ernesto Samper.

The station reported that policemen seized a high powered explosive load that was to be detonated along the official's route.

Plot To Assassinate Colombian Prosecutor 'False Alarm'

PA0602173596 Madrid EFE in Spanish 1524 GMT 6 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 6 Feb (EFE) — The Colombian police force today carried out a major antiterrorist operation in Santa Fe de Bogota to stop an alleged plot with explosives to assassinate Deputy Prosecutor General Adolfo Salamanca. This plot turned out to be a false alarm.

An anonymous telephone call had warned of the possible attack that would have been carried out when the official was heading from his residence to his office in the Colombian capital.

Once they inspected the roads Salamanca travels regularly, bomb experts that were deployed to stop the alleged plot concluded this alarm was a false one.

Salamanca, a lawyer who held the office of National Police commissioner, among other posts, is the second official responsible for the investigations of the "narcoscandal," which has kept the government of President Ernesto Samper immersed in a crisis.

Prosecutor General Alfonso Valdivieso was the target of an attack several months ago when a bomb was found along an avenue located along the official's route.

Fears of a possible plot to murder Deputy Prosecutor General Salamanca have increased since a unit of the urban militias of the National Liberation Movement (ELN) guerrilla movement revealed in a "message to the public" that the official had become their military target.

According to the ELN, Colombia's second leading guerrilla group, Salamanca was subjected to a "revolutionary

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trial" for betraying the cause of the people "and for turning into the staunch supporter of U.S. imperialism."

Salamanca was the first investigator of the "narco-scandal" who said in a public statement that President Samper's electoral campaign had received money from the Cali drug cartel.

Colombian Vice President Urges Adherence to Constitution

PA0702042396 Madrid EFE in Spanish 2119 GMT 6 Feb 96

[FBIS Translated Text] Madrid, 6 Feb (EFE) — Colombian Vice President Humberto De la Calle said during a meeting with journalists in Madrid today that "adherence to the Constitution will resolve the political crisis" through which his country is going.

At the Conde Duque de la Villa Cultural Center in Madrid today, De la Calle inaugurated the exhibition "Edgar Negret-Carlos Rojas, A Decade," in which 42 works of two Colombian artists are displayed.

De la Calle, who is also the Colombian ambassador to Spain, was once again cautious in discussing the political crisis faced by President Ernesto Samper after being accused by Former Defense Minister Fernando Botero and former campaign treasurer Santiago Medina of financing his campaign with money from the drug trafficking Cali cartel.

Samper has repeatedly denied the accusations, and the Congress of the Republic is currently holding a special session to determine if a political trial against him will be initiated or not.

"When the circumstances are appropriate, I will explain my views on the matter," De la Calle said adding: "I am sure that Colombia will overcome all the obstacles it is facing with complete dignity and in keeping with the law."

De la Calle said that "the strength of the Colombian institutions, as stipulated in the Constitution and in the country's laws, will be the best guarantee to overcome this difficult stage."

The vice president also reiterated his confidence in his country, in its people, and in "the just and prompt solution to the political crisis," through the "proper constitutional mechanisms."

The vice president, who is constitutionally entitled to assume power if the president falls ill or resigns, reiterated that "the most logical and sensible thing to do on my part is to contribute, with prudence, to my country's tranquility."

In his speech, during the inauguration of the exhibition, De la Calle also said, "Colombia will come out ahead despite the difficulties."

"We are going to overcome our problems," he said before continuing with his speech in which he praised the talent of the sculptor Negret and the painter Rojas, whom he described as the "two greatest examples of Colombian abstract painting and sculpture."

De la Calle also said the exhibition, which opened in Madrid today and which will end on 17 March, "contributes to the enrichment of the cooperation between Colombia and Spain."

Conservative Appointed Colombian Transport Secretary

PA0702000896 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2230 GMT 6 Feb 96

[Report by Luis Eduardo Maldonado; from the "RCN Radio Events" newscast]

[FBIS Translated Text] We have last minute news. We have a new transportation minister and his name is Carlos Hernan Lopez.

President Ernesto Samper Pizano has just appointed Carlos Hernan Lopez the new transportation minister. Dr. Carlos Hernan Lopez entered Narino Palace 20 minutes ago. He entered the president's office, the Colombian president officially offered him the post, and it has been confirmed by sources close to the president that Carlos Hernan Lopez immediately accepted it.

Carlos Hernan Lopez is the new transportation minister and he will replace Juan Gomez Martinez. It is being said that Carlos Hernan Lopez is an expert in the administration of public works. He is a conservative and follows Senator Eduardo Pizano de Narvaez' political line. Hernan Lopez has worked as public works secretary of the Santa Fe de Bogota Special District.

We repeat, the president has officially offered the Labor Ministry [as heard] to Carlos Hernan Lopez, who immediately accepted it in person. The Colombian president is currently meeting with him, and in a few seconds, we will be interviewing the new member of the cabinet.

Colombian Court Abolishes Bans on Media Reports

PA0602221296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 6 Feb 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Santa Fe de Bogota — News media can carry summaries of legal proceedings pro-

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vided by government officials without violating the confidentially of the investigation, the Constitutional Court stated in a ruling that tossed out part of the anticorruption statute that was enacted last year. The statute was regarded as outright media censorship, since it banned the publication of excerpts or summaries of the contents of investigations it considered confidential. The ban could only be lifted when there was a verdict, and this is what the Court ruled unconstitutional, Chief Justice Jose Gregorio Hernandez Galindo explained.

In its ruling, the top court stressed that those violating the confidentiality of the investigation in penal or disciplinary proceedings are the officials and not the journalists. This way, the Court upheld the anticorruption statute that allows judicial officials to report to newsmen about a penal proceeding against a specific person or state official, the crime for which he is investigated, the entity to which he belongs, and his name, so long as an arrest warrant has been issued. The ruling also warned that the investigations by the Attorney General's Office are opened immediately after the investigation official submits the appropriate defense at this Office. This means preliminary investigations and the charges filed by the Attorney General's Office and other disciplinary control and fiscal responsibility entities are protected under the confidentiality of the investigation. The Constitutional Court President Herndez Galindo explained that neither journalists nor news media can be sanctioned when they reveal details of the files.

Colombian Poll on Samper, Valdivieso, Botero, Others

PA0702041696 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 6 Feb 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Napoleon, Franco, and Associates, one of the country most renowned market research companies, last week conducted a survey among residents of the country's four most important cities. RCN will broadcast the more relevant results of the poll during this morning's newscast. The survey was conducted on Wednesday, 31 January; Thursday, 1 February; and Friday, 2 February. Some 775 telephone interviews were conducted with persons 18 years and older, from all social classes, in Santa Fe de Bogota, Medellin, Cali, and Santander areas. Margin of error is plus or minus 1.5 percent.

Question: Do you have an favorable of unfavorable opinion of the following persons:

	Favorable	Unfavorable
	(in percent)	(in percent)
Andres Pastrana	35.0	56.0
Juan Manuel Santos	30.0	39.0
Fernando Botero Zea	39.0	56.0
Santiago Medina	23.0	68.0
Alfonso Valdivieso Sarmiento	72.0	18.0
Juan Carlos Esguerra	46.0	27.0
Noemi Sanin	48.0	42.0
Ernesto Samper Pizano	42.0	56.0

One week ago, Napoleon, Franco, and Associates asked the same question in the same cities and President Samper was viewed favorably by 32 percent and unfavorably by 63 percent of those interviewed. This means that in one week, opinions in favor of President Samper improved 10 percent while opinions against Samper fell 7 percent. The new survey confirms what all of the surveys conducted in recent months have revealed, that Attorney General Alfonso Valdivieso Sarmiento is the Colombian with the highest favorable opinion among Colombians. In a few moments we shall listen to a report on last weeks survey conducted by Napoleon, Franco, and Associates.

Colombian Paper Lists Legislators Under Investigation

PA0602181696 Santa Fe de Bogota EL TIEMPO in Spanish 4 Feb 96

[Received via Internet]

[FBIS Translated Text] Following is the list of congressmen the Prosecutor General's Office has sent to the Supreme Court of Justice [CSJ] to investigate their alleged drug trafficking ties.

Alvaro Benedetti (Representative): he is included in the Cali Inter Hotel lists; the CSJ is investigating him.

Jose Guerra de la Espriella (Senator): he is included in the Cali Inter Hotel lists; the CSJ is investigating him.

Alberto Santofimio Botero (Senator): Pallomari mentioned him; he voted for the "narcorider;" the CSJ is investigating him; an arrest warrant against him has been issued.

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Armando Holguin Sarria (Senator): he is included in the Cali Inter Hotel lists; Pallomari accused him; he voted for the "narcorider;" the CSJ is investigating him.

Ana Gracia de Pertchalt (Representative): Pallomari mentioned her; the CSJ is investigating her.

Rodrigo Garavito (Representative): Pallomari mentioned him; the CSJ is investigating him; an arrest warrant against him has been issued.

Yolima Espinosa (Representative): the CSJ is investigating her.

Maria Izquierdo (Senator): Medina mentioned her; her name is included in Miguel Rodriguez's personal records; the CSJ is investigating her; an arrest warrant against her has been issued.

Francisco Jose Jattin (Senator): he is included in Cali Inter Hotel lists; Pallomari mentioned him; the CSJ is investigating him.

Tiberio Villarreal (Representative): Pallomari mentioned him; he is among the politicians whom mafia contributions benefited; the CSJ is investigating him.

Gustavo Espinosa Jaramillo (Senator): Pallomari mentioned him; he drafted the "narcobill;" the CSJ is investigating him; he admitted to having received money from companies linked to the cartel to finance political campaigns.

Miguel de la Espriella (Representative): the CSJ is investigating him ex officio; he introduced the "narcobill" at the Chamber of Representatives.

Freddy Sanchez (Representative): the CSJ is conducting a preliminary investigation on him.

Jorge Ramon Elias Nader (Senator): Pallomari mentioned him; he voted for the "narcorider;" the CSJ is investigating him.

Carlos Augusto Celis (Senator): he voted for the "narcorider;" the CSJ is investigating him.

Campaign Expenses of Colombia's Samper Surpassed Limits

PA0202232096 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 2 Feb 96

[From the "National Newscast"]

[FBIS Translated Text] The expenses in President Ernesto Samper's electoral campaign surpassed the limits established by law. The National Newscast obtained documents proving this. Net figures show that more than 4 billion pesos were spent in advertising. This amount surpasses the amount allowed for a whole campaign.

The expenses of political advertising on television during Samper's presidential campaign skyrocketed. The documents showed there were 16 television ads in April, 513 in May, and 567 during the 15 days in June before the second round. The increase in number of ads amounted to 3,500 percent in less than one month. Therefore, the documents demonstrate that the net figures invested in advertising surpassed 5 billion pesos.

U.S. consultants who had worked on President William Clinton's campaign and were hired by the Liberals recommended this advertising blitz.

[Begin recording] [Campaign adviser Francisco Robles] There was a need to implement a radical change, because by the second round we were in a worrisome situation.

[Campaign adviser German Mediana] The situation demanded an increase in television ads. [end recording]

The document shows there were many ads, even during cartoons, such as "Tom and Jerry", "Wonder Woman", "The Simpsons", and the "Tiny Toons." Thus, although expenses increased, there was no money shortage.

[Begin Robles recording] I believe that strategy was carried out. [end recording]

The experts concluded that the amount of money invested in Samper's campaign surpassed by three times that of Andres Pastrana's; the amounts can only be compared to the money used in a product launch by a multinational corporation, such as Colgate and Coca-Cola.

Colombian Opposition, Media Criticize Congress on Crisis

PA0602181596 Mexico City NOTIMEX in Spanish 1528 GMT 4 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 4 Feb (NOTIMEX) — Opposition politicians and the local media harshly criticized the Colombian Congress, which will be trying President Ernesto Samper in the next few weeks.

Santa Fe de Bogota EL TIEMPO reports that more than 120 congressmen cooperated with former candidate Ernesto Samper's election campaign and 14 of those congressmen are being investigated by the Supreme Court for alleged connections with the drug traffickers.

The Legislative Branch will determine if the head of state is responsible for the infiltration of Cali cartel money into the political campaign that brought him to power in 1994.

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According to the newspaper, several of the congressmen have been accused by former treasurers of the political campaign, Santiago Medina, and of the Cali cartel, Guillermo Pallomari, as possible beneficiaries of the money given by the mafia.

Others have promoted numerous attempts to approve articles that favor the drug traffickers, according to EL TIEMPO, which made an extensive analysis of "the Congress that will try Samper."

In the political trial against Samper, the congressmen are facing public skepticism, according to several opposition congressmen, who do not believe in a fair process favoring the country.

Three legislators, Senators Alberto Santofimio Botero and Maria Izquierdo and Representative Rodrigo Garavito, are in prison accused of illegal enrichment from the money the Cali cartel gave Samper's campaign.

Eleven others — Jose Guerra, Ana Garcia, Armando Holguin, Yolima Espinoza, Francisco Hattin, Tiberio Villarreal, Gustavo Espinoza, Alvaro Benedetti, Freddy Sanchez, Jorge Ramon Elias, and Carlos Augusto Celis — are being questioned by the Supreme Court.

The judicial process known as Case 8000 was opened in April 1995 when the Prosecutor General's Office revealed an extensive list of politicians and individuals in public life who were allegedly beneficiaries of the illegal money.

The names of several guests of the Intercontinental Hotel in Cali were later disclosed. Their room and board was financed by one of the front companies owned by Gilberto and Miguel Rodriguez Orejuela, drug trafficking leaders in western Colombia.

Samper's former treasurer, Santiago Medina, later reported connections between some legislators with the criminal group. Some of them were already on the Prosecutor General's Office list.

What was considered "irrefutable evidence," however, was found by the police inside a Miguel Rodriguez Orejuela suitcase on 15 July. In the suitcase were documents on payments made to over 20 political leaders.

In view of all this, EL TIEMPO hinted that Congress does not have the respect or the objectivity to try the president, who personally requested the investigation after declaring himself innocent of charges of his involvement with the mafia.

In addition to the congressmen in Case 8000, also involved are Attorney General Orlando Vasquez, Comptroller General David Turbay, former congressmen, and other political leaders.

The former governor of the southwestern department of Valle del Cauca (the capital of which is Cali), Carlos Holguin Sardi, said that "the current congress is the worst of the worst and has no moral authority to tell the country that it will try the president."

He said other authorities, of greater credibility, should be the ones to determine if Samper is innocent or guilty.

The president of the board of directors of the opposition Conservative Party, Jaime Arias, said that if Congress declares the president innocent, the president will be unable to legitimize his government because of its discredit.

On 6 February, a special congressional committee will firmly initiate the collection of evidence of what in Colombia has been called the "narcoscandal."

Colombia: Samper's Judicial Situation Viewed

96SM0082A Santa Fe de Bogota SEMANA in Spanish 30 Jan 96 pp 48-49

[FBIS Translated Text] *The country has plunged into a debate over the president's political situation, but little progress has been made on an analysis of his legal problems as a result of the accusations leveled by Medina and Botero.*

He should resign, he should remove himself from office temporarily, a political debate should be initiated in Congress, he should not relinquish his office under any circumstances: These are just a few of the views being expressed by both sides with respect to the stand that President Ernesto Samper should take. All of the alternatives form part of an analysis of what he should do and essentially comprise a political discussion. However, a number of experts on criminal law consulted by SEMANA believe that in addition to analyzing what the president should do, one must consider the possible consequences, this from the legal standpoint.

All of the criminal lawyers consulted are of the opinion that, based on the information available, it is practically impossible to avoid opening a formal criminal investigation of the chief of state. "Portions of the testimony given by both Medina and Botero are partially supported by documented proof and statements made by other witnesses such as Maria Izquierdo and Guillermo Pallomari. It therefore goes far beyond what any common, ordinary prosecutor would require in order to summon any common, ordinary defendant to testify," one of the jurists consulted told this periodical. "His two immediate subordinates in the dealings in question have stated before the Prosecutor General's Office that Ernesto Samper ordered them to perform a series of actions in viola-

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tion of the law. This alone should be enough to launch a formal investigation," the source added.

Consequently, when the matter moves from the Prosecutor General's Office to Congress, the House of Representatives will have no choice but to open a formal investigation and examine the possibility of impeachment before the Senate. A number of the experts consulted maintain that the process would not even have to go through the Accusations Committee, "inasmuch as the new evidence is supervening proof that obviously destroys the Committee's writ of prohibition and forces it to open a formal investigation. Inasmuch as it is the Committee's task to fairly determine whether or not evidence exists justifying the opening of a formal investigation, passage through the Committee would be superseded.

However, what accusations could be leveled against Samper? There are several possibilities. For starters, there would be the crime of the illegal enrichment of private parties, for which the Penal Code establishes a penalty of 5 to 10 years. In this particular case, the act would not be classified as criminal by virtue of the text of the article in the Code defining such conduct or existing jurisprudence, according to which such enrichment occurs when there is an unjustified increase in assets in the form of money derived from drug trafficking activities. Rather, it would be defined as criminal as the result of the development of new jurisprudence by the Supreme Court according to which the increase in assets would be likened to the obtention of economic benefits, power and *status* by ascending to the Office of President aided by large quantities of money derived from drug trafficking.

It is a highly complex legal issue, however, and even those in the inner circles of criminal law who have studied this interpretation of illegal enrichment agree that it is not easy to show that what Ernesto Samper did in his presidential campaign was become wealthy illegally. It would be different if one could demonstrate that the president profited personally from such resources, but there is not even any suspicion of such a thing, much less proof.

Another matter would be the procedural fraud arising out of the presentation by the campaign of absolutely false records of campaign income and expenditures. Even though the records do not bear Samper's signature, the testimony of Fernando Botero, Santiago Medina and Maria Izquierdo indicates that it was the then candidate who ordered that the millions contributed by big business for the second phase not be entered into the official books.

From the standpoint of criminal law, this is no minor matter... In fact, the penalty for procedural fraud ranges from 1 to 5 years. Curiously enough, however, public opinion takes a rather different view. However incredible it may seem—most certainly because the Colombian people have gradually lost all capacity for surprise as a result of this entire scandal—to lie about campaign records in order to conceal the fact that one exceeded spending limits long before the second phase was overdue to the hard-fought nature of that campaign is not perceived as anything very serious. What makes it so is that those same false totals enabled the campaign to recover some 1.5 billion pesos which the government—i.e., the taxpayers—had given it in compliance with regulations covering the government financing of campaigns. "Even though the people believe that it is fairly normal to lie about such matters because they view the spending limits as unrealistic, it is nevertheless an extremely serious matter because we are talking about the top campaign officials who later went on to head a government and who lied in order to obtain substantial quantities of public funds," SEMANA was told by one of the jurists consulted. However, it remains to be seen whether the testimony available will suffice to demonstrate that Samper played a central role in this operation.

Analysts believe that another charge that could be made against the president is that of favoritism, more commonly known as concealment or obstruction of justice. Such conduct would not be classified as criminal—as one might mistakenly believe—based on what Samper may have done to prevent people from knowing that the campaign was financed by drug money, since concealment occurs only when it is a crime committed by another person and not the accused himself. However, the crime may have been committed if Botero's testimony confirms that the president did in fact issue instructions during the early months of his government that kept the Cali cartel from being properly prosecuted, which would constitute a clear example of favoritism. Unlike the other types of behavior, this conduct is not punishable by imprisonment, but only arrest [arresto] for a period ranging from six months to four years.

All of these matters must now be examined most carefully. The very possibility of a chief of state being brought up on criminal charges and ending up serving a prison sentence is a prospect which, however much it may excite a handful of rabid anti-Samperists and individuals hankering for revenge, is not at all desirable for a country that has always sought to distinguish itself from its "tropical" neighbors in terms of how civilized it is politically and legally. To prevent any such scenario from occurring, other countries have the option of the presidential pardon, which spared Richard

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Nixon from going to prison in the United States in 1974. That alternative does not exist in Colombia, as a result of which it is essential that, before venturing into the field of possible criminal charges being made against the chief of state, we evaluate all the consequences that might flow from it. While it is true that the law is for everyone and that no one must be above the law, it is equally true that it is in the nation's best interest to provide this unfortunate episode which has already caused Colombia enough harm with an epilogue that will be less dramatic and more dignified for all protagonists.

Colombian Army Confirms Raids on Cali Front Companies

PA0702034696 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 6 Feb 96

[Report by Carlos Vargas; from the "RCN Radio Events" newscast]

[FBIS Translated Text] General Norberto Adrada Cordoba, inspector general of the National Army, confirmed to RCN the report we released at midday that more than three firms, apparently Cali cartel front companies, were raided in the capital.

Gen. Adrada Cordoba said that (Incomverco, S.A.) located on Carrera 13 No. 52-31, comprising Geminis Investment, El Penol Investments, Intervalle Investments, as well as Gales real estate company located on Caracas Avenue and 59th Street, and Experta y Claridad real estate firm also located on Caracas Avenue and 59th Street, were raided by the Search Bloc, Army Component.

Public records show that the partners in these firms are Estela Herrera Buitrago, sister of Pacho Herrera or Helmer Herrera, the well-known kingpin for which the authorities are searching; Gilberto Antonio Galindo, Estela Herrera Buitrago's husband; Diego Galindo Herrera, Estela and Gilberto's son; and his sister, Diana Galindo Herrera.

Colombian Authorities Find Counterintelligence Network

PA0402194696 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 3 Feb 96

[From the "Cripton Newscast" — no video available]

[FBIS Translated Text] Authorities have discovered a sophisticated counterintelligence network installed in La Picota Prison by Cali cartel members. The drug lords could easily communicate with their contacts on the outside from La Picota Prison.

The authorities believe that large sums of money were used to design an elaborate system of counterintelligence inside the prison. This system, which was directed by the Cali cartel members in La Picota Prison, had a complete list of all guards in charge of the maximum security pavilion. The declaration of one of the guards before the Attorney General's Office reads as follows:

While taking the bus at the Caracas Avenue, you could be approached by men in slow moving and elegant Toyotas, sometimes even they called the person by his name.

[Begin unidentified speaker recording] If you have the money, you can obtain information. The information can be forecasted [adelantado] or purchased. When a person has money, he receives the information he wants, because he can buy it. [end recording]

The suspension of nine Inpec [National Prison and Penitentiary Institute] officials and the opening of preliminary investigations on other 10 people working in La Picota due to the escape of Jose Santa Cruz Londono have prompted the Attorney General's Office to investigate the guards and wonder about the Prosecutor General's Office possible implication.

For no apparent reason, several days before the escape of Santa Cruz Londono, the security window in the interrogatory room of La Picota was changed for a window with three pieces of glass, which had eight screws that could be easily removed by anyone.

Colombian Airline Industry Seeks U.S. Certification

PA0602183296 Santa Fe de Bogota EL TIEMPO in Spanish 4 Feb 96

[From the "Economics" column — received via Internet]

[FBIS Translated Text] Even if the U.S. Congress issues a certification to the Samper administration, Colombian airlines could suffer a special decertification that would prevent Colombian airlines that fly to the country to the north from flying there.

The Colombian aeronautical industry will face a test of fire on 26 February, when the FAA decides whether Colombia is to be dropped to category three (a decertification) or to be reinstated in category one (a certification).

Right now the FAA has Colombia classified in category two, or conditional, because it does not fill all the air security requirements of the International Civil Aviation Organization.

According to Manuel Leal Angarita, president of the Association of Colombian Air Transporters [Asociacion

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de Trasnportadores Aereos Colombianos], which represents the interests of the Colombian airlines, if there is an FAA decertification, the national companies would suffer because they would lose an important market, considering the number of passengers involved and the volume of the cargo they transport to the United States.

Leal said he trusts in the results of the actions adopted by the Civil Aeronautics Administrative Directorate (DAAC) to correct detected deficiencies but noted that the departure of the institution's director, Alvaro Cala Hederich, "has complicated the situation of the air industry."

A U.S. decertification of Colombia would have very grave consequences for banana and flower producers. The leaders of these two groups, coincidentally, used the same term to describe the consequences.

The United States buys practically half of Colombia's banana exports, approximately $170 million, and approximately 70 percent of the flowers, whose sales up to September of last year amounted to $293 million.

These two products are entering the U.S. market without paying customs thanks to the General Preferential System, in the case of bananas, and to the Andean preferential law, in the case of flowers.

If there is a decertification, the Colombian Association of Flower Exporters foresees that if the Andean preferential law is suspended, the Colombian flowers would have to pay an eight percent duty and this means a $40 million payment that the flower exporters would have to make.

Maria Isabel Patino, the association's president, recalled that this sector already pays taxes in the United States over alleged dumping and that this, added to an eight percent duty, would be adverse for the flowers sector.

In Sabana de Bogota and Antioquia, flowers generate 70,000 direct jobs and more than 100,000 indirect jobs (most of the Sabana de Bogota jobs).

The consequences of a decertification would not be less critical for the banana sector. In an oversupplied market such as the United States, any customs would push the Colombian fruit out of that country because strong competitors such as Ecuador and the Central American countries produce at lower costs and also export their products customs-free.

It must not be forgotten that the sector is going through difficulties because of the violence in Uraba, the top banana- producing region, and because of the difficult and competitive world market. This region and Santa Marta, the other banana-producing zone, generate 28,500 direct jobs and 73,500 indirect jobs.

Venezuela Postpones Agrement for Colombian Envoy

PA0202180496 Santa Fe de Bogota EL TIEMPO in Spanish 1 Feb 96

[Report by correspondent Maria Victoria Cristancho — received via Internet]

[FBIS Translated Text] Caracas — A Venezuelan diplomatic spokesman has said the Venezuelan Government decided to postpone the agrement requested by Colombia for its new ambassador in Caracas, Guillermo Alberto Gonzalez Mosquera.

The decision to postpone the agrement was triggered by the Venezuelan Foreign Ministry's discontent over the Ernesto Samper administration's announcement to the media, on the designation of its new ambassador to Venezuela, without first requesting it in writing.

It had become customary for Venezuela to give its consent to the Colombian candidates for ambassador the same day it was requested. At least that was the case with Ambassadors Alberto Casas Santamaria and Francisco Posada de la Pena.

Edmundo Gonzalez Urrutia, the Venezuelan Foreign Ministry's sectorial general director of protocol, abstained from denying or ratifying reports that the agrement for the new Colombian diplomatic representative had been postponed.

Gonzalez only commented that "the request for agrement was submitted at noon on Thursday and is being considered."

Venezuela

Venezuelan Minister, Deputies Meet on Economic Policies

PA0602150096 Caracas EL UNIVERSAL in Spanish 31 Jan 96 p 1-8

[Report by Carlos Subero]

[FBIS Translated Text] Caracas — Finance Minister Luis Matos Azocar said before the Chamber of Deputies yesterday that the government did not sign an agreement with the IMF, "because we have not gone down on our knees." He said he did not expect the IMF to accept all his proposals, adding that there have been achievements, such as the easing of requirements for financial aid.

Matos Azocar spoke before the lower chamber for more than three hours, upon the request of the Copei [Social Christian Party] faction, which asked questions reflecting the greatest skepticism regarding the government's economic policies.

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Four of the most important deputies from that faction, Ramon Guillermo Aveledo, Gustavo Tarre, Luis Enrique Oberto, and Jose Rodriguez Iturbe, took the floor. Tarre asked why the minister should be believed now when Minister Julio Sosa submitted similar proposals two years ago and achieved few results. Matos Azocar answered Tarre by saying that believing is relative when talking about social policies. Social Christian Party leader Aveledo insisted afterward that he wanted to believe in the government but then went on to cite news reports regarding apparent contradictions and failures.

Matos Azocar then explained the discussions with the IMF, saying there were no accords, because Venezuela did not go down on its knees, adding that other countries had done it and accords were quickly signed. Regarding the erroneous inflation figures, he said that some people last year dared to talk about a 100 percent inflation rate and that that is indeed wrong.

Matos added that he humbly appeared before the chamber and that the government was willing to hear the alternatives presented by the legislative branch instead of the ones in which they did not want to believe if his proposals were not approved.

"This is what the country requires. I do not know whether you will believe me, in which case we will set aside our proposals so you can submit others," Matos Azocar said.

When Rodriguez Iturbe asked about the country's debt, Matos Azocar acknowledged his responsibility but added he was responsible not as a minister but when he was a member of Congress and authorized loans.

The Democratic Action (AD) bloc had the same question as Copei regarding the Sosa Plan of two years ago. Matos Azocar responded that he was not trying to be creative and recalled he had proposed a tax on assets, about which only one bloc in Congress has voiced its opinion. Afterward, Matos Azocar said Michael Camdessus had told him in private that he liked that tax.

Another question by the AD, through Omar Barboza, referred to the tax evasion acknowledged in 60 percent of tax collection and the government's preference for the tax on banking transactions. He asked how one would explain to those who pay taxes that they will have to pay more so the evaders will also pay.

Matos Azocar said nobody would believe him if he came to Congress to announce that tax evasion was going to be drastically reduced and that those resources would be used to reduce the deficit. He said Seniat [Integrated National Service for Tax Administration] is growing moderately, but it cannot do everything immediately.

"I would love it if it were so, because that would be ideal," Matos Azocar said. Nevertheless, he said he will not evade his responsibility in the future of acting against tax evaders. Matos Azocar said that in his free time, he has reviewed the list of those who request large amounts of dollars and report very low income to the treasury.

Radical Cause Party leader Bernardo Alvarez asked about the future of the social policies and the struggle against poverty amid the economic plan. Matos Azocar said there is a proposal to increase social investments from 0.45 percent to 2 percent of the GNP, which represents the allocation of a large amount of resources to that sector.

Exchange Policy and PDVSA [Venezuelan Petroleum Inc.]

In response to a question, Matos Azocar mentioned the case of the PDVSA contributions, announcing he will hold a special meeting with congressional committees to discuss the matter, adding that the AD leadership addressed the issue in a letter to President Rafael Caldera.

"Just as the exchange losses are declared, I also want the exchange profits to be declared," Matos Azocar said, adding that this issue is one under discussion.

Ochoa Antich, secretary general of the MAS [Movement Toward Socialism], asked for Matos Azocar's opinion on the variation of the value tax on exports of petroleum. Matos Azocar made no comments on the matter, saying that the Congress of the Republic has decided to eliminate it.

What is the Exchange Rate?

AD leader Liliana Hernandez asked that he explain why documents indicated an exchange of 330 bolivares per dollar when the minister said the rate will be maintained at 290 bolivares.

Matos Azocar reconfirmed that the rate will be kept at 290 bolivares but recalled the British minister who told Parliament one rate and ordered a devaluation when he left. He said the psychological factor is essential in the exchange setting. Matos Azocar said the IMF had initially calculated the dollar at 320 bolivares, then at 336 bolivares. Finally, he reconfirmed the real rate is 290 bolivares.

There were several questions Matos Azocar could not answer. Regarding those on agriculture, he said that he is no expert but that he trusts the figures of the

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agriculture minister. He also could not answer a question on the payment of social benefits.

Matos Azocar said there was talk initially of a 30 percent wage increase, but it was acknowledged that this increase was insufficient, adding that the government is willing to discuss an increase for government workers, based on the reestimate of this year's petroleum revenues based on a price of $14.5 a barrel rather than $13.5 a barrel. An additional credit will be proposed to Congress for this purpose.

Responding to a question from Ramon Tenorio Sifontes of the URD [Democratic Republican Union], Matos Azocar said an order will soon be issued to investigate brokers involved in irregularities in the Brady dollar market.

Matos Azocar left pleased with the meeting, which he termed productive. Certainly, only basic explanations were provided, but participants were not expected to leave the meeting stating their support for the government's taxes proposal. Many issues have yet to be discussed.

Venezuelan Minister Comments on Decentralization Program

PA0602161296 Caracas Venezolana de Television Network in Spanish 1545 GMT 29 Jan 96

[Report by Pedro Prado — live relay]

[FBIS Translated Text] [Prado] We are live from the White Palace, site of the National Convention of Governors. You just witnessed how President Rafael Caldera opened it with the presence of his cabinet and of the 23 governors who were elected last December.

With me is an individual who has played a leading role in this National Convention of Governors, Decentralization Minister Jose Guillermo Andueza. The decentralization topic is one of the fundamental topics of this governors convention. Decentralization is necessary for the country, and the president stressed the need for it to be strengthened within the next three years. Could you give us more details about this issue?

[Andueza] We have drafted a three-year program in which we are going to ask the governors to transfer health, education, low income housing, and sports services to their states; this does not mean governors will not be allowed to ask for other services, but we believe these are the most important ones in this three-year period. We must also note that along with the decentralization process we must transfer a series of economic resources to make the decentralization process a success.

We are aware that most national public services are inefficient and are experiencing a chaotic situation. If it were not a matter of improving public services, we would simply be making the decentralization process a type of fraud, because we would be turning over to the states services that are in a state of chaos, and the governors would not have the possibility of improving them. We believe it is important to act with absolute sincerity and loyalty. If we are going to transfer these services, we are also going to transfer the necessary resources so the service can be substantially improved in the hands of the governors.

[Prado] When will we have a complete decentralization process?

[Andueza] A complete decentralization process will take us at least a decade, because this process is not an easy one. It is a process in which the characteristics of each state will determine how it will be assuming control of the services. States living off tourism, for example, will want more control over tourism matters. States living off agriculture will justifiably aspire to all the farming programs so they can implement them. We believe from that point of view that we have to bear in mind each one of the activities in each state. Because this process is a costly one and because we are living in times of shortages in financial resources, saying that we are going to totally decentralize the country in three years would be irresponsible and a new fraud, something which this government would be unwilling to do.

Venezuelan Minister: Protests Due to 'Popular Discontent'

PA0602173196 Madrid EFE in Spanish 1803 GMT 2 Feb 96

[FBIS Translated Text] Caracas, 2 Feb (EFE) — Venezuelan Defense Minister General Moises Orozco said today that the violent protests taking place in Venezuela for the past 10 days are due to "popular discontent" and "because the people feel burdened by the high cost of living."

Orozco said that "there will be less protests as the country's economic problems are solved." The crisis has worsened during the past few months, as reflected in the 8.1 percent inflation rate in January, the highest ever registered in Venezuela in the first month of a new year.

The Central Bank of Venezuela (BCV) attributed the increase in the inflation rate in January after 1995 closed with 57.4 percent to the effects of the 70 percent devaluation applied by the government to the bolivar, the national currency.

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Orozco said that the government is studying a new wage increase which "will help reduce the protests" that have escalated during the past few days over an increase in public transportation fares.

Orozco reiterated that the Armed Forces are ready to act to repress protesters should the Police and the National Guard (militarized police) "become overwhelmed" by the demonstrators.

He added that those who want to express their discontent through violent means will be severely repressed and that they should realize that "Venezuela does not want more violence but peace and work to come out of the crisis."

The defense minister's opinion contradicts Interior Minister Ramon Escovar, who said this week that the riots are provoked by "small groups of troublemakers who want to create a climate for a revolution in Venezuela."

Venezuelan President Rafael Caldera, whose government has completed its second year today, said on 31 January that "the demonstrations are recurrent and we know exactly where they come from; at the same time, however, we know that all Venezuelans want peace."

Venezuelan Movement Leader Asks President To Resign

PA0702005296 Paris AFP in Spanish 1814 GMT 4 Feb 96

[By Tamara Rodriguez]

[FBIS Translated Text] Caracas, 4 Feb (AFP) — Four years after the first military coup attempt in three decades of democracy in Venezuela, which was staged on 4 February 1992, coupist Commander Hugo Chavez asked President Rafael Caldera to "wake up, react, and resign."

In a public letter, Chavez, who is devoted to political activities from the Revolutionary Bolivarian Movement (MBR), accused Caldera of being responsible for the "advance of the political and moral putrefaction of power."

"After having had the possibility of starting a new era of national reconstruction, you have led Venezuela to economic backwardness and social dismemberment... in order to prevent the country from exploding again, on behalf of millions of fellow nationals, I ask you to resign."

In an interview granted to AFP, Chavez maintained that the rebellion he headed translated into the taking off of the masks that covered a fake democracy "to show the corruption and dictatorship of political parties. People are now aware and clear, and so is the military that was on its knees, subordinated to an immoral political power. The rebellion military youths staged opened a path toward dignity," he pointed out.

In the opinion of the military man, to whom Caldera granted an amnesty and who is retired, "the barracks constitute a political battlefield, a repressed strong force willing to face old trends that want to do away with the real possibilities of making changes."

Chavez believes that the possibilities of a coup continue to be valid as long as the country does not change. He assessed that this risk could emerge from any point along a vast spectrum, because "there are no active terrorist or military forces; there are conspiring forces lodged in the powerful leadership."

However, in light of a forced change, he recalled his insistence on summoning a constituent assembly that would make the political system valid.

As for the MBR, Commander Chavez affirmed that it is not a political party, but an insurrectional movement bred at the barracks and identified with "the Bolivarian and revolutionary movements that are moving forward in the hemisphere... with Mexico's Zapatists, with Panama's Torrijist system, with the revolutionary forces of Colombia, Argentina, and the entire continent."

"We are against parties, even though, in theory, the notion that they constitute an expression of society is valid. However, it is not valid now that we do not have a democracy, but a corrupt society invaded by the drug traffickers who infiltrated politics and made it a millionaires' hobby," he pointed out.

In order to attain a major national unity, a revolutionary movement of profound changes that will respond to the fall of Marxism and to the failure of the neo-liberal ideas, he proposed a return to basics.

"We want a united, constitutional, and moralized Latin America, not a colonialist or market-oriented Latin America, where the armed forces will merge with society," the coupist leader explained. This means, in his own words, "rescuing what is ours in light of the neo-liberal accusation of ignoring our sovereignty and dignity."

On the early morning of 4 February 1992, Venezuela witnessed with amazement the first military rebellion in 30 years of uninterrupted democracy when Army units rebelled against the second government of former social democratic President Carlos Andres Perez. This situation repeated itself in November 1992. The popularity of Chavez, who became almost a myth then, has dropped due to inconsistencies in his proposals.

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In this regard, political analyst Jesus Sanoja Hernandez said that despite Chavez's drop in popularity, "we must not lose sight of him. The elementariness of his speeches, his nationalistic messages in the era of globalization, and his exclusion from the partisan system will constitute an advantage at the time traditional politics and the institutions' stability gain ground," the analyst asserted, adding that "at the same time, they could constitute the best attractions in times of surprises, uprisings, and protests."

If there is something on which analysts do not have doubts, it is the fact that the two coup attempts, along with the February 1989 social unrest (Caracas looting and demonstrations against public transportation fare hikes), opened a big gap in Venezuelan society and the path toward dramatic changes in its political, economic, and social system.

March, Riots Mark Venezuelan Coup Attempt Anniversary

PA0702041796 Caracas EL NACIONAL in Spanish 4 Feb 96 p D8

[Report by Marianela Rodriguez]

[FBIS Translated Text] Valencia — A march marking the anniversary of the 4 February 1992 coup summoned by Hugo Chavez Frias, who was the leader of the first coup attempt against the government of Carlos Andres Perez, ended in riots and the arrest of several people by Carabobo State policemen.

The march was slated for 1000 hours at the Barbula Arch, located at the entrance of the Carabobo University. From there, the marchers would walk along Northern Bolivar Avenue until reaching Bolivar Square, where Chavez was going to speak.

According to what was learned, the MBR-200 [Bolivarian 200 Revolutionary Movement] members failed to request the corresponding authorization for this type of public act, prompting the intervention of police forces, which dispersed the demonstrators at the Barbula Arch by throwing pressured water from a water truck.

In light of this situation, the demonstrators took the Valencia-Puerto Cabello highway to Bolivar Square, in downtown Valencia, where they started their actions with the speech Chavez delivered.

The policemen also went to Bolivar Square and launched tear gas grenades to disperse the crowd. The situation worsened, and several people were arrested amid the confusion. Downtown stores closed fearing lootings.

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